

**U.S. Commercial  
Mortgage  
Servicer Report****Prudential Asset Resources****Ratings**

Primary Servicer	CPS2+
Master Servicer	CMS2
Special Servicer	CSS2-

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**See page 7 for Servicer at a  
Glance details.**

**Summary**

Fitch Ratings upgrades the primary servicer rating of Prudential Asset Resources (Prudential) to 'CPS2+' from 'CPS2'. In addition, Fitch affirms Prudential's master and special servicer ratings of 'CMS2' and 'CSS2-', respectively.

Each of the ratings reflects the extensive industry experience of Prudential's servicing management and staff. The primary servicer rating is also based on the company's demonstrated ability to service commercial mortgage loans in commercial mortgage-backed securities (CMBS) transactions. The upgrade reflects the stability of the servicing team, Prudential's strong employee training program, and its continued implementation of strong technology systems. The master servicer rating is based on Prudential's proven ability to report and remit to CMBS trustees and oversee third-party primary servicers. The special servicer rating reflects the special servicing group's experienced asset managers and their ability to work out, manage, and liquidate nonperforming loans and real estate owned (REO) properties in CMBS transactions. The financial condition of Prudential's parent, Prudential Financial, was also considered in Fitch's analysis.

**Strengths**

- Highly experienced management team.
- Financial strength of Prudential Financial.
- Active involvement in industry committees and initiatives.

**Concerns**

- Prudential's May 1, 2008 announcement stating that it will no longer originate CMBS loans.
- Limited CMBS workout experience as a company.

**Mitigants**

- Prudential senior management has indicated to Fitch that Prudential Financial is committed to retaining the servicing of its CMBS portfolio.
- CMBS procedures are in place, in addition to retention and continued development of asset management staff with CMBS workout experience.

**Company Overview**

Prudential is the commercial mortgage servicing entity of Prudential Mortgage Capital Company, LLC (PMCC). As of March 31, 2008, Prudential's total servicing portfolio consisted of 6,348 loans totaling \$59.6 billion, of which approximately \$14.6 billion was CMBS. Prudential services commercial mortgage loans for its general account, as well as CMBS, government agencies (Federal Housing Administration [FHA], Fannie Mae, and Freddie Mac), and other third-party investors.

Recent Prudential accomplishments include:

- Opening of a back office servicing site in Letterkenny, Ireland.
- Implementation of a construction lending servicing system.
- A new training initiative.
- Enhanced collateralized debt obligation (CDO) reporting.
- A new web site for exchanging documents with trading partners.
- Various technology enhancements.

Prudential's goals for the next 12 months include:

- Increase focus on employee growth and development.
- Enhance the surveillance team.
- Enhance both borrower and investor web sites.
- Complete new servicing system modules for advancing, insurance, and prepayments.
- Automate cash management functions.

## Financial

On Jan. 3, 2008, Fitch affirmed Prudential Financial's long-term issuer default rating of 'A+' and short-term issuer default rating of 'F1'. The Rating Outlook is Stable. Prudential Financial is a Fortune 100 company, and PMCC remains committed to commercial mortgage loan servicing and funding Prudential accordingly. In 2007, Prudential contributed approximately 31% to PMCC's total revenue.

## Employees

As of Dec. 31, 2007, Prudential was staffed with 142 primary and master servicing employees in Dallas. The special servicing group is in Atlanta and consists of five employees. Prudential continues to maintain a well-qualified staff, as evidenced by experience and tenure levels:

- Senior managers average 27 years of industry experience and four years of tenure with Prudential.
- Middle managers average 21 years of industry experience and approximately four years with Prudential.

## Servicer Ratings

Fitch rates primary and master servicers, which protect the interests of the certificateholders in the trust by servicing and administering the mortgage loans. The primary servicer is responsible for day-to-day servicing functions, while the master servicer is responsible for monitoring the activities of the primary servicers, investor reporting, and timely remittance of funds to trustees.

Fitch also rates special servicers, which are key to maintaining the credit quality of a pool containing nonperforming commercial mortgages and real estate owned assets. The special servicer is responsible for working out loans, foreclosing, and liquidating assets.

In assessing and analyzing the capabilities of primary, master, and special servicers, Fitch reviews several key factors, including the management team, organizational structure and operating history, financial condition, information systems, and, with respect to the special servicer, workout and asset disposition experience and strategies.

Fitch rates commercial mortgage servicers on a scale of 1 to 5, with 1 being the highest rating. Within each rating level, Fitch further differentiates ratings by plus (+) and minus (-), as well as the flat rating. For a description of Fitch's rating criteria, see Fitch Research on "U.S. Commercial Mortgage Servicer Rating Criteria," dated Sept. 14, 2007, available on Fitch's web site at [www.fitchratings.com](http://www.fitchratings.com).

- Loan servicing staff members average 12 years of industry experience and three years with the company.

Overall employee turnover in 2007 was 11%, and management turnover was 8%. This represents significant improvement over 2006 turnover levels of 19% overall and 26% among management, which were primarily due to a planned reorganization. There was no employee turnover in the special servicing group in 2007.

Employee training continues to be provided by the quality control and improvement (QCI) group, which was established in 2005 and coordinates both internal and external training resources. Working with the managing director, the chief of staff and human resources, QCI is responsible for determining training needs and developing training programs. The training continues to be focused on a combination of:

- One-hour internal sessions, covering both industrywide issues and Prudential-specific topics.
- Educational workshops, presented by internal and external speakers who provide specific, in-depth industry training.
- Mortgage Bankers Association of America (MBA) print and web-based training.
- External training sessions covering various topics.

Prudential recently instituted a requirement that all servicing employees enroll in the MBA's Certified Mortgage Servicer program. The program is a series of curriculums that covers a full range of servicing topics. It is required that each Prudential employee complete the first five commercial mortgage servicing courses by February 2009. In 2007, Prudential employees averaged more than 49 hours of training. Fitch believes that Prudential's employee training program compares favorably with those of other Fitch-rated servicers.

## **Policies and Procedures**

Policy and procedure manuals continue to be available online to all employees via LoanConnect. Each department also maintains a complete hard-copy manual for reference.

Primary and master servicing policies and procedures are complete and detailed with step-by-step instructions for many servicing tasks. Special servicing procedures are comprehensive and include CMBS-specific topics. All policies continue to be reviewed on a quarterly basis and updated as necessary.

PricewaterhouseCoopers, LLC (PwC) performs the annual Uniform Single Attestation Program (USAP) review for Prudential's CMBS transactions. Prudential's most recent USAP letter, dated March 13, 2008, contained a minor exception that has since been addressed by management. On the same date, PwC provided a letter indicating compliance with the Securities and Exchange Commission's Regulation AB servicing criteria.

Prudential is subject to Prudential Financial internal audits. In the second quarter of 2007, Prudential Financial performed an operational and loan servicing audit with no high- or medium-risk issues noted. Additionally, there were no findings on the Sarbanes Oxley review of the general account in 2007.

## Technology

Prudential's servicing system of record for CMBS, government-sponsored enterprises, and general account loans is McCracken's Strategy, version 15M. Additional systems include the following:

- FICS — FHA/Ginnie Mae loan servicing.
- CLCS — construction loan servicing.
- LoanConnect — asset management/work flow.
- DataConnect — data warehouse.
- BorrowerConnect — borrower web site.
- ReportConnect — report distribution web site.
- InvestorConnect — investor web site.
- DocumentConnect — trading partner document exchange web site.

Technology highlights of the past year include:

- Implementation of Data Select's CLCS (Commercial Loan Control System) servicing system for construction loans.
- Release of an improved InvestorConnect web site for investors and rating agencies.
- Development of the DocumentConnect web site for exchanging documents with trading partners.
- Implementation of the following new modules in LoanConnect:
  - Annual reporting.
  - CDO reporting.
  - Document management checklist.
  - Loan assumption history.
  - Records management.
  - Cash forecasting.

Business application support is provided by a team of 30 information technology professionals located in Dallas, Atlanta, and Newark, NJ. The group is divided into support teams based on business unit and application. Prudential's disaster recovery plan is tested annually at SunGard in Grand Prairie, TX. The most recent test was conducted in January 2008. All systems tested were fully functional.

## Primary Servicing

As of March 31, 2008, Prudential was the primary servicer, with an external master, on 166 CMBS loans totaling \$1.6 billion in nine CMBS transactions.

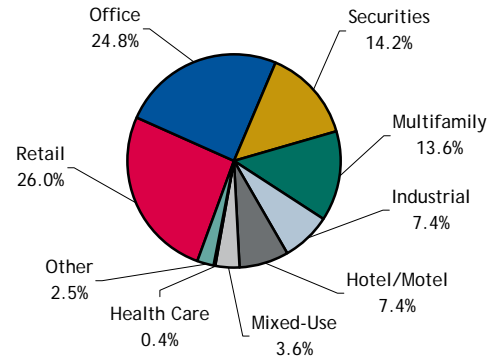
In 2007, Prudential implemented an offshore servicing site at a Prudential Financial-owned facility in Letterkenny, Ireland. The new group performs the following functions:

- Cash processing.

- New loan setup.
- Generating manual bills.
- Reviewing reserves.
- Processing insurance invoices.
- Assisting with investor reporting.

Quality control of each area of Prudential continues to be measured by a comprehensive monthly key indicator report that identifies the owners of servicing processes rated according to Prudential's perceived risk. The report provides management with a rolling 12-month view of performance data used to identify trends for each area. Prudential enhanced both the monthly key indicator report and the annual quality metrics report to better examine performance.

**Property Type – Master and Primary Servicing Portfolio**  
(As of March 31, 2008)



Note: Numbers may not add to 100% due to rounding.  
Source: Prudential Asset Resources.

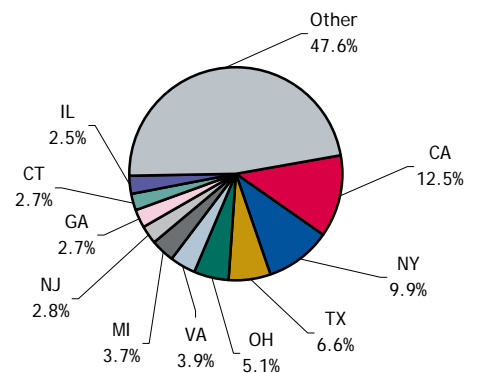
Prudential collected 94.7% of the required operating statements for loans in its CMBS primary servicing portfolio by May 31, 2007 and reported 96.9% of the required statements by July 31, 2007. Both of these percentages represent an improvement over the previous year.

## Master Servicing

Prudential was named master servicer on 29 CMBS transactions that totaled \$13 billion as of March 31, 2008. As of the same date, Prudential was responsible for overseeing four primary servicers that serviced 67 loans totaling \$404 million.

Prudential continues to monitor its CMBS primary servicers through a primary servicer annual on-site review program. The vice president (servicing) or one of his directors sends a questionnaire to the primary servicer for completion prior to the on-site or desktop review. The site visit consists of a review of sample loan files and policies and procedures and is documented with a written report. The reviews focus on compliance with loan documents and servicing agreements, as well as investor reporting details.

**Geographic Distribution – Master and Primary Servicing Portfolio**  
(As of March 31, 2008)



Note: Numbers may not add to 100% due to rounding.  
Source: Prudential Asset Resources.

The CMBS asset management group has one asset manager dedicated to communicating with all primary servicers. This single point-of-contact system ensures that primary servicers are consistently managed.

As a CMBS master servicer, Prudential collected 98.3% of the required annual operating statements for loans in its portfolio as of May 31, 2007 and reported 96.6% of the required statements by July 31, 2007.

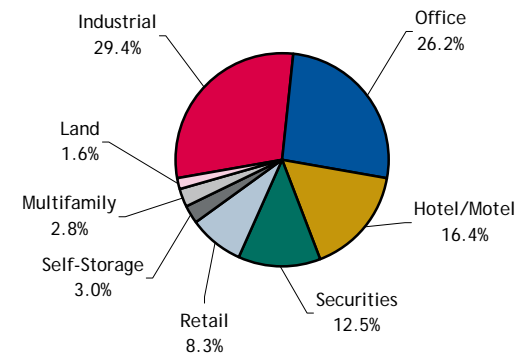
## Special Servicing

As of March 31, 2008, Prudential was named special servicer on 15 CMBS transactions consisting of 19 loans totaling about \$1.8 billion. As of the same date, Prudential was responsible for the special servicing of \$35.1 billion of non-CMBS assets and actively special servicing 32 non-CMBS loans and REO assets totaling \$351 million.

The special servicing group services loans for Prudential's different capital sources, which allows it to draw on its institutional experience handling various portfolio characteristics and servicing requirements. In addition to traditional commercial property types, this group has experience with nursing homes, time-share developments, raw land, mini-storage, and parking facilities.

### Property Type – CMBS Special Servicing Portfolio

(As of March 31, 2008)



Note: Numbers may not add to 100% due to rounding.  
Source: Prudential Asset Resources.

The special servicing module of LoanConnect offers the following functions:

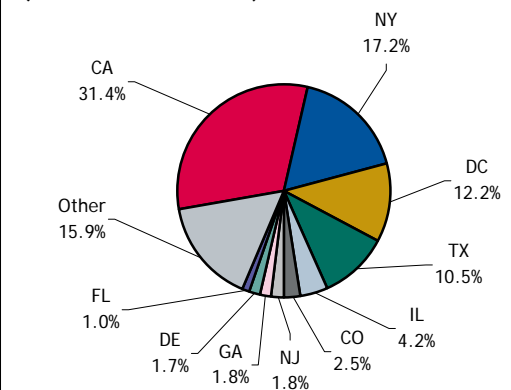
- Asset tracking throughout the workout process.
- Property valuation monitoring.
- Operating data monitoring.
- Insurance, tax, and uniform commercial code tracking reports.
- Expense tracking.

This system enables the Atlanta group to manage special serviced assets more effectively, as information dating back to underwriting is available on a single system.

The Prudential special servicing group continues to be involved with Prudential's Dallas team for assets that need close monitoring due to performance or other problems. The group also continues to utilize the extensive resources of Prudential Real Estate Investors to advise on brokers, investors, and operational issues, as well as provide detailed market research.

### Geographic Distribution – CMBS Special Servicing Portfolio

(As of March 31, 2008)



Note: Numbers may not add to 100% due to rounding.  
Source: Prudential Asset Resources.

**Servicer At A Glance — Prudential Asset Resources**

<b>Experience (Years)</b>	
Servicing	20+
CMBS Servicing	9
Overseeing Primary Servicers	7
Loan Workout	20+
CMBS Workout	6
<b>Credit Rating</b>	Fitch rates Prudential Financial, Inc.'s senior debt 'A+'.
<b>Employees</b>	
Number of Employees	147
Senior Management:	
Experience in Industry (Years)	27
Tenure with Company (Years)	4
Middle Management:	
Experience in Industry (Years)	21
Tenure with Company (Years)	4
Average Training Hours Per Employee Per Year	49
Overall Employee Turnover (%)	11
Management Turnover (%)	8
2007 USAP/Regulation AB Audits	PricewaterhouseCoopers LLP
<b>Financial Statement Reporting Rate (%)<sup>a</sup></b>	
Master Servicer Rate	96.6
Primary Servicer Rate	96.9
<b>Servicing System</b>	McCracken's Strategy, Version 15M
<b>Servicer Web Site</b>	www.prudential.com/par

<sup>a</sup>As of July 31.

**Servicer Statistics**

**Master and Primary Servicing Statistics**

(As of March 31, 2008)

<b>Total Servicing Portfolio</b>	
Unpaid Principal Balance (UPB) (\$ Bil.)	59.6
Number of Loans	6,348
<b>CMBS Portfolio</b>	
<b>Primary Only with External Master</b>	
Number of Transactions	9
UPB (\$ Bil.)	1.6
Number of Loans	166
<b>Master Servicer</b>	
Number of Transactions	29
UPB (\$ Bil.)	13.0
Number of Loans	1,133
<b>Master/Primary (Full Servicer)</b>	
UPB (\$ Bil.)	12.6
Number of Loans	1,066
<b>Master Only (with External Primary)</b>	
UPB (\$ Mil.)	404
Number of Loans	67

**CMBS Special Servicing Portfolio**

(As of March 31, 2008)

Number of Transactions	15
UPB (\$ Bil.)	1.8
Number of Loans	19
UPB Loans (Specially Serviced Only; Not Including REO) (\$ Mil.)	0
Number of Loans (Specially Serviced Only; Not Including REO)	0
Number of REO	0
REO – Real estate owned.	

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