

**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.**

**Summary**

Fitch Ratings affirms Prudential Asset Resources' (Prudential) primary servicer rating of 'CPS2+', master servicer rating of 'CMS2', and special servicer rating of 'CSS2-'.

Each of the ratings reflects the extensive industry experience of Prudential's servicing management and staff. The primary servicer rating considers Prudential's demonstrated ability to service loans in commercial mortgage-backed securities (CMBS) transactions, robust employee training program, and continued implementation of strong technology. The master servicer rating reflects Prudential's proven ability to report and remit to CMBS trustees and oversee third-party primary servicers. The special servicer rating is based on 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.

**Strengths**

- Highly experienced management team.
- Active involvement in industry committees and initiatives.
- Strong dedication to employee training.

**Concern**

- Limited CMBS workout experience as a company.

**Mitigant**

- 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), an affiliated company of Prudential Financial, Inc. (PFI). As of June 30, 2009, Prudential's total servicing portfolio consisted of 6,069 loans totaling \$64.0 billion, of which approximately \$13.9 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 accomplishments include the following:

- The CMBS and general account asset management teams were combined into one transaction group.
- Prudential implemented new service-level agreements for asset management with related metrics.
- Prudential increased the capabilities of its Letterkenny, Ireland servicing center.
- The company introduced several LoanConnect system enhancements.

- Prudential secured a Freddie Mac Targeted Affordable Housing license.
- It increased agency lending volume by 12%, including an increase in FHA volume of 49%.

Prudential's goals for the next 12 months include the following:

- Rollout of the Japanese lending initiative and subsequent servicing.
- Development of several LoanConnect enhancements, including an advanced work flow engine, structured products reporting, and a letter of credit module.
- Expansion of the separate account servicing portfolio.
- Continued development of the staff's management and leadership capabilities.

## Financial

On Feb. 19, 2009, Fitch downgraded PFI's long-term issuer default rating to 'BBB+'. The Rating Outlook is Negative. PFI is a Fortune 100 company, and both PFI and PMCC remain committed to commercial mortgage loan originations and servicing and funding Prudential accordingly. In 2008, Prudential contributed approximately 34% to PMCC's total revenue.

## Employees

As of June 30, 2009, Prudential was staffed with 155 primary and master servicing employees in Dallas. The special servicing group is in Atlanta and consists of 12 employees. Prudential continues to maintain a well-qualified staff, as evidenced by the following experience and tenure levels:

- Senior managers average 27 years of industry experience and five years of tenure with Prudential, which was formed in late 2000.
- Middle managers average 20 years of industry experience and approximately five years with Prudential.
- Loan servicing staff members average 11 years of industry experience.
- Special servicing senior management averages 23 years of real estate experience and 14 years with Prudential and its parent, PMCC.

## 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 primary, master, and special servicers on a scale of 1 to 5, with 1 being the highest rating. Within each of these rating levels, Fitch further differentiates ratings by plus (+) and minus (-), as well as the flat rating. For more information on Fitch commercial mortgage servicer ratings or rating criteria, see Fitch Research on "U.S. Commercial Mortgage Servicer Rating Criteria," dated June 19, 2009, available on Fitch's web site at [www.fitchratings.com](http://www.fitchratings.com).

Overall employee and management turnover at Prudential was low in 2008 at 6.7% and 3.5%, respectively. This represents the second year of improved employee turnover since the 2006 reorganization of the servicing group. There was no employee turnover in the special servicing group in 2008. In fact, the group has more than doubled in size since Dec. 31, 2007.

Employee training continues to be provided by the quality control and improvement (QCI) and information technology (IT) groups, which coordinate both internal and external training resources. The groups are responsible for the development and delivery of training programs for all master and primary servicing employees. Training feedback is solicited from all business groups, and training curricula are developed to address specific needs and industry trends. New in 2009 is the implementation of the internally developed TrainingConnect system. This application allows staff to access training calendars, review and register for classes online, and track individual training performance against established goals.

Each master and primary servicing employee is required to complete a minimum of 40 hours of training annually. The mix of hours includes soft skills, industry-related content, systems, and quality/process improvement training. In 2008, Prudential servicing employees achieved an average of 54 hours per employee; approximately 20% higher than the average reported by Fitch rated master and primary servicers. Furthermore, 148 current Prudential associates have completed the first level of the Mortgage Bankers' Association's commercial mortgage servicing designation program. Newer employees are currently enrolled in the program and expected to complete level 1 within 18 months of joining the company.

## **Policies and Procedures**

Policy and procedure manuals continue to be available online to all employees via LoanConnect. Procedures are created and/or revised by QCI as necessary to reflect the most current process. Prior to publishing, each procedure is reviewed and approved by the business owner, business unit director and vice president (VP), QCI VP, and president. Each procedure reflects the original date of implementation or a revision date. 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.

PriceWaterhouseCoopers, LLC performs the annual Uniform Single Attestation Program (USAP) review and the annual Regulation AB review for Prudential's CMBS transactions. Each of the 2008 reviews indicated full compliance with the applicable servicing requirements.

Prudential is subject to PFI internal audits. In 2008, PFI performed an internal audit review on the Fannie Mae originations and servicing processes and controls. There were no reportable high or medium issues noted. In addition, there were no findings on the Sarbanes Oxley review of the servicing of general account loans in 2008.

## **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:

- Construction Loan Control System (CLCS V2.3.1) — 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.
- FICS — FHA and Ginnie Mae loan servicing.
- There have been many new modules developed in LoanConnect over the past year, including the following:
  - Advancing module — tracks principal and interest and property protection advances.
  - Asset Review module — tracks special servicing fee activity.
  - Disbursement module — source for electronic routing and approvals for wire and check disbursements.
  - Earn-Out Tracking module — tracks disbursed funds and limits by earn-out type for construction loans.
  - Incoming Check Log module — tracks incoming checks.
  - Lien Release module — tracks lien releases.
  - Significant Events module — source for monitoring properties and insurance coverage related to disasters, such as hurricanes or floods.

In addition, BorrowerConnect now allows borrowers to opt for paperless coupons and billing statements.

Business application support is provided by a team of 30 IT professionals, of which 15 have 10 or more years of IT experience in a commercial real estate finance environment. The group is divided into support teams based on specific applications, with team members located in Dallas, Atlanta, and Newark. Network and desktop support services are provided by PFI's corporate technology management group.

Prudential's disaster recovery plan is tested annually at SunGard in Grand Prairie, TX. The most recent test was conducted in January 2009 and 100% successful.

## **Primary Servicing**

As of June 30, 2009, Prudential's total primary servicing portfolio consisted of 1,214 loans with an unpaid principal balance of \$13.5 billion. At the same date, Prudential was the primary servicer, with an external master, for 159 CMBS loans totaling \$1.5 billion in nine CMBS transactions.

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

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

Over the past 12 months, Prudential worked to increase the capabilities of the Letterkenny servicing center. The center is now responsible for first-level quality control of operating statement spreads and other processes, document indexing, and cash processing, as well as providing loan boarding assistance.

Quality control of each area of Prudential continues to be measured by a comprehensive monthly key indicator report that benchmarks certain, generally higher risk, servicing processes against a combination of USAP and Regulation AB requirements and industry best practices. The report provides management with a rolling 12-month view of performance data used to identify trends for each area. Prudential continues to enhance both the monthly key indicator report and broader quality metrics report to better examine performance.

In 2008, Prudential implemented new service-level agreements (SLAs) for asset management with related metrics. The metrics are formally tracked on a monthly basis, and employees are measured against benchmarks established in the various SLAs.

Loan covenants and triggers are captured by the servicing, surveillance, and asset management teams. Loan documents are abstracted, and covenants and triggers are placed in the Event Manager module in LoanConnect. LoanConnect automatically generates reminders to responsible associates based on notice dates entered with the covenant. In addition, associates and managers can run ad hoc queries at both pool and loan levels to ensure all necessary compliance reviews are completed on a timely basis.

Prudential collected 99.0% of the required operating statements for loans in its CMBS primary servicing portfolio by May 31, 2009 and reported 99.0% of the required statements by June 30, 2009.

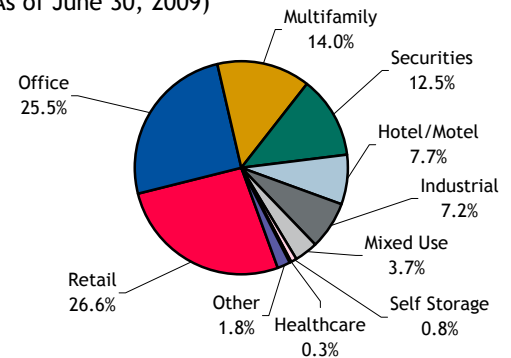
### Master Servicing

Prudential was named master servicer on 29 CMBS transactions that totaled \$12.4 billion as of June 30, 2009. As of the same date, Prudential was responsible for overseeing four primary servicers that serviced 65 loans totaling \$393 million in one CMBS transaction.

Annually, Prudential's master servicing and investor reporting teams conduct either a desk or an onsite review of its third-party primary servicers. The focus of the review confirms compliance with the loan documents and servicing

### Property Type – Master and Primary Servicing Portfolio

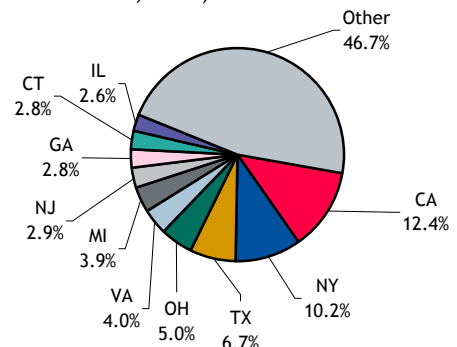
(As of June 30, 2009)



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

### Geographic Distribution – Master and Primary Servicing Portfolio

(As of June 30, 2009)



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

agreements and analyzes loan histories and investor reporting details. On a monthly basis, the investor reporting team provides feedback to primary servicers regarding issues with investor reports.

Prior to the review, a comprehensive questionnaire is sent to the primary servicer for completion. After receipt of the questionnaire, samplings of transactions are selected for review. The primary servicer is advised of the selected population. A written report is completed following the visit and then reviewed by management for compliance.

As a CMBS master servicer, Prudential collected 94.0% of the required annual operating statements for loans in its portfolio as of May 31, 2009 and reported 98.0% of the required statements by July 31, 2009.

## **Special Servicing**

As of June 30, 2009, Prudential was named special servicer on 16 CMBS loans totaling approximately \$1.4 billion across 14 transactions. As of the same date, Prudential was responsible for the special servicing of \$40.6 billion of non-CMBS assets and actively special servicing or monitoring 97 non-CMBS loans and one REO totaling \$2.02 billion.

The special servicing group services loans for Prudential's different capital sources, which allows the company 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.

Prudential's special servicing team has regular communication with master servicing on potential transfer candidates. In addition to monthly reports, master servicing and special servicing conduct bi-weekly conference calls to review portfolio activity. Policies and procedures are in place detailing transfers into special servicing. This includes a completed transmittal form on each loan transfer, identification of key contacts, servicing details, and explanation of current issues related to the transfer.

Prudential has dedicated surveillance groups monitoring all serviced assets. The quality rating group is responsible for the credit monitoring and mark-to-market valuation of the general account and Fannie Mae portfolios, as well as all CMBS assets for which Prudential is the named special servicer. Accordingly, significant information on potential or developing risks (e.g. market, property type, tenant, or sponsor) is obtained and assessed throughout the year.

In accordance with the time frame provided in the pooling and servicing agreement, the asset manager is responsible for completing a business plan following a servicing transfer event. The plan is periodically updated with recommended resolution actions. Each asset in special servicing is reviewed during an internal quarterly watchlist review. The meeting is conducted by special servicing and attended by master servicing, finance, audit, legal, and other interested parties.

On average, Prudential's special servicing asset managers are responsible for 12 assets at any given time. The number of assets assigned to each asset manager is dependent on the size and complexity of the asset, as well as the experience of the asset manager.

## Servicer At A Glance — Prudential Asset Resources

### Experience (Years)

Servicing	100+
CMBS Servicing	10
Loan Workout	100+
CMBS Workout	7

### Credit Rating

Fitch maintains a long-term issuer default rating of 'BBB+' for Prudential Financial, Inc.

### Employees

Number of Employees	167
Senior Management:	
Experience in Industry (Years)	27
Tenure with Company (Years)	5

### Middle Management:

Experience in Industry (Years)	20
Tenure with Company (Years)	5

Average Training Hours per Employee per Year

54

Overall Employee Turnover (%)

6.7

Management Turnover (%)

3.5

2008 USAP/Regulation AB Audits

PricewaterhouseCoopers LLP

### Financial Statement Reporting Rate (%)<sup>a</sup>

Primary Servicer Rate (June 2009)	99
Master Servicer Rate (July 2009)	98

### CMBS Special Servicer Results

	\$Mil.	No. of Loans
Loans Resolved Since Inception	0	0
Loans Resolved Past 12 Months	0	0

### Servicing System

McCracken's Strategy, Version 15M

### Servicer Web Site

[www.prudential.com/par](http://www.prudential.com/par)

<sup>a</sup>Required 2008 annual operating statements reported.

## Servicer Statistics

### Master and Primary Servicing Statistics

(As of June 30, 2009)

#### Total Servicing Portfolio

Unpaid Principal Balance (UPB) (\$ Bil.)	64.0
Number of Loans	6,069

#### CMBS Portfolio

##### Primary Only with External Master

Number of Transactions	9
UPB (\$ Mil.)	1.5
Number of Loans	159

##### Master Servicer

Number of Transactions	29
UPB (\$ Bil.)	12.4
Number of Loans	1,120

##### Master/Primary (Full Servicer)

UPB (\$ Bil.)	12.0
Number of Loans	1,055

##### Master Only (with External Primary)

UPB (\$ Mil.)	393
Number of Loans	65

### CMBS Special Servicing Portfolio

(As of June 30, 2009)

Number of Transactions	14
Named Special Servicing:	
UPB (\$ Bil.)	1.4
Number of Loans	16
Active Special Servicing, Not Including REO:	
UPB (\$ Mil.)	0
Number of Loans	0
REO:	
UPB (\$ Mil.)	0
Number of Assets	0

REO – Real estate owned.

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