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Seth Wheeler
Deputy Assistant Secretary for Federal Finance
U.S. Department of the Treasury
Domestic Finance
Room 1209, 1500 Pennsylvania Avenue NW
Washington, DC 20220
Via Email: wholeloans@do.treas.gov

Dear Sir:

CMBS.com provides market leading software, known as Backshop, that standardizes underwriting for players in the Commercial Mortgage Backed Securities market including issuers, rating agencies and investors (our client list includes Bank of America, AIG, and Standard and Poor's plus 15 others). Our software provides a common underwriting platform for commercial real estate so the issuer, the rating agency and the investor can all use the same "calculator" to analyze the commercial real estate risk. The platform has reached the "critical mass" needed to become the CMBS standard and well over $25 billion of CMBS has been issued using Backshop software. This response is an offer to make Backshop available to the Department of the Treasury to set the reporting standard that the asset managers that are selected as part of the program follow. Backshop would be the aggregation system for DOT investments in whole loans and in individual CMBS bonds and provide transparency among the parties.

Our customers are some of the asset managers responding to this RFP. However, several of the big asset managers developed internal systems to conduct the analysis and the business. While these systems are adequate for the asset manager's internal use, they lack the transparency of a standard because the "calculator" is, by definition, proprietary. The Treasury should require a reporting standard in a Backshop format so the treasury can have a standardized, rolled up view of the CMBS investments across asset managers. That way, the facts and assumptions the asset managers use to buy/sell whole loans and securities is transparent and standardized.

We would also be willing to pre-populate the entire $800 plus billion CMBS market into Backshop and update that data with current Investor Reporting Package (IRP) data so the standardization and transparency offering would include the entire CMBS market, not just loans or securities owned by the DOT.

While the CMBS market represents only 15% to 20% of the securitized "problem", Backshop and CMBS.com are uniquely positioned to help solve this part of the problem. We provide the software and the data required to power a common underwriting platform that provides needed transparency into the value of the underlying assets. The actions and decisions of the asset managers ultimately selected to manage the loans and securities acquired by the DOT will be transparent. For more information on our company and our vision, please visit our Web site at www.cmbs.com.

Sincerely,

Jim Flaherty
CEO, CMBS.com

The Backshop product has rapidly achieved industry acceptance due to its overall ease of use, configurable code table design, and the fact that the application has been designed as a totally internet enabled, single unified database. From the outset, Backshop designed the software to address specific industry needs including transparency, standardization, and collaboration/transfer of data.

As an aggregation system for the Department of Treasury, the application will address the following needs:

- **Internet Capabilities** – Every page of the entire application, all of the robust functionality, and all reports and documents are accessible by the internet. No hardware or software installation is needed. All asset managers reporting loan and asset data/documents/reports can do so by using Backshop as the system of record or inputting the required reporting and documents into Backshop for the DOT to access via the internet. This eliminates the need to transfer paper files, emails, electronic files, etc.

- **Secure Collaboration of Data** - Every page of the entire application also has full access provisioning and read only/edit privilege acknowledgement. This makes it very easy for multiple asset managers of specific assets/portfolios to only have access to their specific deals while the DOT, custodians, etc. could access all deals in the system on a read only or overwrite basis. Full or partial access may also be granted to third party service providers contracted either by the asset managers or the DOT. For example, many of our customers have their appraisers enter the appraisal information directly into the system, due diligence providers prepare initial underwritings, and have the lawyers upload finalized loan documents and enter all representations and warranties. The DOT will be able to run daily/weekly/monthly reporting and can then access direct detailed information on specific assets as needed, since all data will be captured in the system and accessible to those with access.

- **Workflow** – As the deal moves through the various stages for a loan or portfolio origination/modification/purchase, the Backshop system tracks all additions and changes as a deal moves through credit committee and allows for locking of terms, approval, and exit strategy. Essentially the system transitions very well from a customer relationship management tool to a more robust underwriting and credit tool. Since all of the business processes along the way collaborate on the same deal there are no longer multiple sets of data and spreadsheets on the same deal. This provides transparency of data and business practices and strategies that will be critical in DOT or DOT appointed oversight of the entire whole loan portfolio.

- **Store Third Party Documents** –Any electronic file can be stored with the deal for its lifetime in a tiered document management system. Multiple users or parties can either upload or access/view/download this information as needed. Documents requested by the DOT or DOT oversight can be accessed directly via the internet.

- **Underwriting Functionality** – Backshop is the market leading commercial real estate origination, underwriting, asset management, and securitization system in the marketplace today. The greatest and most exceptional differentiator of Backshop is that all underwriting and valuation analysis for all of the various commercial property types is completed within the system itself for both stabilized and discounted cash flows (Argus uploads included). From the outset, the system was designed to offer all of the flexibility and transparency needed to model all the unique nuances of commercial properties while at the same time providing a unified underwriting and database structure to work in. This is one of the most valuable offerings of Backshop. In a time when the industry demands transparency of lending practices, Backshop offers transparency to the DOT, investors, rating agencies, potential buyers, and other parties.

- **Capital Markets Capabilities** – Almost all of Backshop's current customers access the capital regularly through the issuance of CMBS securities, CDO securities, or as ratings agencies rating these original offerings or with ongoing surveillance. The exit strategy functionality in the product allows the user to easily add or subtract loans from current inventory to see what a potential portfolio of loans for sale, syndication, securitization etc. would look like. It is easy to get a dashboard look of what a possible portfolio's total DSC or LTV is calculated to be, or stratification based on geographic, property type, tenant or borrower concentration, etc. The disposition/exit strategy functions of Backshop are critical for the DOT portfolio of troubled mortgages to stratify and aggregate data on the whole portfolio.

- **Asset Reporting** – Backshop's asset reporting functionality is fully customizable by the user. Typically most of our current customers focus on the design of approximately 3-5 asset standard reports for individual assets that they use for executive summaries to credit committee business plans or external reports for potential buyers. A standard DOT approved business plan format can be created or buyer offering document can be created, standardizing the management and sale of troubled mortgage assets for the DOT.

- **Data Tape Creation** – Existing clients use Backshop's ad hoc data tape reporting to create securitization tapes, CDO reporting, and internal portfolio management reports and stratifications. Backshop currently exports over 1700 ad hoc fields into a sophisticated and easily configurable excel export. The DOT can run reports on all asset manager's portfolios to create a unified reporting and stratification platform.

- **System Integration** – Backshop clients have successfully integrated with internal data warehouse systems, document storage systems, and general ledger and mortgage servicing systems (including McCracken, Enterprise, and LMS). Backshop will be able to integrate with internal DOT systems if necessary for reporting purposes. If asset managers would like to use their internal systems for asset management, we can provide a more seamless transfer of data directly to the DOT aggregation system instead of the transfer of paper and electronic files via email or ftp.

Backshop Application provides the following services for Asset Managers as the system of record/the DOT's aggregation system:

Pre- and Post-Transactional Diligence

Backshop is able to provide due diligence on loans and portfolios of loans through our bulk import process, pipeline reports, ad hoc reports and portfolio stratification. The bulk import process allows the user to import data from excel for one loan or an entire portfolio of loans. The system will also allow the user to prepare customized pipeline reports at the deal or detail level. Furthermore, Backshop has the ability to create custom ad hoc reports, based on a specific search criteria set by the user. It captures over 1700+ (calculated and data) fields where the user selects the field to add to the custom report. Each report is saved for future use with the ability to edit, delete, or lock the template.

Backshop is able to conduct deeper post-transaction reviews of loans. Backshop is the market leading enterprise software system which combines pipeline management, loan origination, underwriting, asset management, securitization/exit plan strategies, and document management all in a web-based environment.

Whole Loan Transactional Infrastructure

Backshop has the ability to receive and process data files with descriptions of loans from any financial institution with the use of the bulk import tool as mentioned above.

The system is web-based, which will ensure that any financial institution can have access to the infrastructure, as long as they have been give a user name and login password.

The system will allow the user to analyze all facets of the properties, such as rent rolls and operating statements to create multiple cash flows. The system also has the ability to analyze quickly update facets of the note information for the loan, such as spreads, interest rates, amortization schedules, etc. All of this analysis takes place in the database avoiding the time consuming and error prone approach of doing the analysis elsewhere and trying to import. Also, the analysis is available and exportable in pipeline or ad hoc reports.

Backshop can execute the whole loan acquisition transaction from start to finish. The system has origination and underwriting functionality, but will also asset management capabilities and will keep track of exit strategies, such as securitization, note sales, workout, payoffs, etc.

Whole Loan Valuation

The system is able to value loan and portfolios of loans with its underwriting functionality and forecasting tools. The underwriting functionality includes lease-by-lease discounted cash flow modeling, as well as multi-year cash flow modeling. Additionally, the system has an appraisal

page for each property in the loan or portfolio of loans. The appraisal page will hold all valuation information from an appraisal report, along with sales and rental comparable information.

Whole Loan Asset Management

The system will allow you to actively manage your portfolio with Backshop. It provides integrated asset management functionality for loans and portfolios of loans with the use of the asset management page. The Asset Management page manages note information such as commitment amount, current outstanding amount, interest reserve balance, exit strategy, maturity, index, margin, current rate, prepayment options, etc. In addition to the note detail, the asset management functionality will also keep track of metrics, such as debt yield, DSCR and LTV, and covenants. The system can report loan status, with respect to the current metrics and covenants, monthly, quarterly, semi-annually and annually.

Loan strategies can be devised and documented with the use of the Exit Plan Method page. This page will keep track of the tranche that is being sold, along with it's third party ratings. Buyer status, disposition plan, committed selling spread, and price are also kept track of here.

Cooperation with Whole Loan Trustee and Custodian

Loan Trustees and Custodian can have access to the system, as it is web-based. Their access can be limited to read-only access, but can also have the ability to export data on loans and portfolios of loans. Since the system provides cash management, reporting, warehousing of title and legal documents, and other central administrative services, the Loan Trustee and Custodian will have the ability to have access to all of this information as well. (Each page of the application is security-enabled with read-write clearance for various internal and external users. The page logs allow users to see who made the last edit).

Whole Loan Servicing and Loss Mitigation

Backshop has the ability to Administer and Service loans held for investments. Backshop has a sophisticated Amortization Schedule which can be created to exact loan term specifications, thus modeling the payment schedule (this also accounts for varying interest rates, custom principal payments, unanticipated paydowns, etc). Some of our clients do use Backshop as an asset management and servicing tool to upkeep payment schedules and records. Backshop does not generate monthly bills, but can be created via custom reports or at least the data exportable via ad hoc report interface. Backshop also has several pages which can upkeep the administration of the loan – i.e. new third party reports, inspections, ticklers for tax/insurance, management of escrows and maintenance of escrow deposits/disbursements/balances, upload of new operating statements, rent rolls, etc.

Surveillance

Backshop will allow you to actively manage the performance of purchased loans and portfolios of loans with detailed ad hoc reporting. Ad Hoc reports can capture over 1500+ (calculated and data) fields where the user selects the field to add to the custom report. In addition, Backshop will also allow the user to manage their pipeline directly in the system by sorting and querying the loans, and preparing customized pipeline reports at the deal or detail level.

Physical Asset Management

Backshop can manage the liquidation of physical assets and underlying property online by keeping track of the property's loan status and exit strategy. Reports to monitor the liquidation of assets can also be customized.

Cross-Cutting Operations and Reporting

Backshop can interface with other management and accounting systems as well as reconciling books and records through XML data feeds. The system is the perfect solution for maintaining records of all loans acquired and cash flow projections of principal and interest. Backshop enables users to create amortization schedules for scheduling, forecasting, and also posting actual payment records for mortgage payments. The amortization schedule is capable of all amortization types (interest only, IO + amortizing, amortizing, fixed principal payments, custom principal payments/cash flow, customized interest rates, accrual rate portion which compounds/balloons, etc.). Entries can also be created via XML upload from other servicing systems.

The system will allow you to manage your documents on-line directly within Backshop. The user can upload loan documents, third party reports or other loan-related documents. All documents are stored in Backshop and thus accessible anywhere with an internet connection. Backshop has a two-tier category system, Documents Category (i.e. "Loan Documents") and Document Type (i.e. "Promissory Note"), which allows users to categorize and search for documents based on a grouping or a more specific subtype. There is private/public access, document delivery checklists, document or due diligence checklists, and reports which allow ease of document maintenance.

In order to report on loan and portfolio holdings, valuations, loan and portfolio performance, ad hoc reports can be created and are customizable by the user. In addition, the user can create data tapes and supplemental reports, coordinate and track the transfer of asset summaries, data tapes, and documents among various parties.