

CMBS Loan Assumptions: Reach the Summit!



Speaker:
Ann Hambly
Founder & Co-CEO

About 1st Service Solutions



- Ann Hambly & Mike Meisenbach, Co-CEOs
- Founded in 2005 specifically to do assumptions
 - Former Chairperson of MBA COMBOG
 - CEO of servicing for Prudential, Nomura, GE, B of A, and BNY
- Advocated over \$11 billion to date, including \$5 billion in assumptions
- Current pipeline is over \$6 billion
- National company based in Dallas, Texas
- Facilitated an assumption in as quickly as 21 days

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Ann Hambly



Tackling an Assumption . . .



**can be daunting without
proper guidance and gear.**

Speaker:
Ann Hamby



Path to the Summit



- What parties are involved in the process?
- How long does the process take?
- What is really done in the underwriting process given that it is a non-recourse loan?
- Does the LTV at the time of the assumption matter?
- Can an assumption be done on a non-performing loan?
- Typical conditions placed on assumption approvals today
- Other considerations

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Parties Typically Involved



- **Primary Servicer - 3rd Party Underwriter**
- **Master Servicer**
- **Special Servicer**
- **Controlling Class Bondholders**
- **Rating Agencies**



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The Process without 1st Service



CLOSED

Day 180

Legal Close

Day 175

FINAL APPROVALS

Day 165

Rating Agencies

Day 160

Controlling Class Bond Holders

Day 105

Special Servicer

Day 95

Master Servicer

Day 60
(Receipt of complete package)

Primary Servicer

ENGAGED

SELLER

BUYER

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The Process with 1st Service



CLOSED

Day 90

Legal Close

Day 85

Rating Agencies

FINAL APPROVALS

Day 75

Controlling Class Bond Holders

Day 70

Special Servicer

Day 45

Master Servicer

Day 35

Primary Servicer

Day 1
(Receipt of complete package)

ENGAGED

SELLER



BUYER

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What is Really Done in Underwriting?

(given that it is a non-recourse loan)



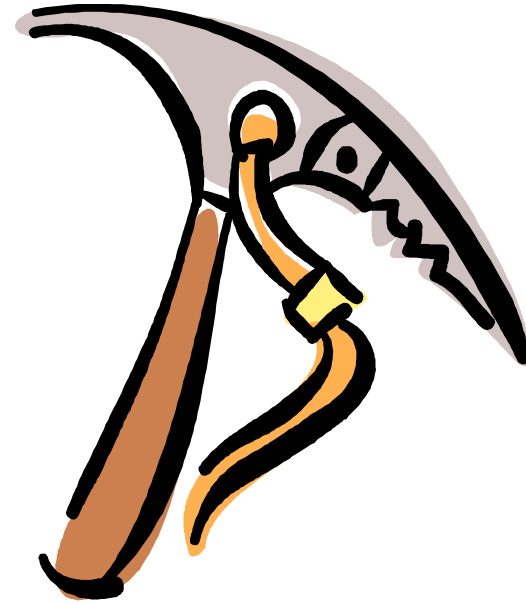
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- **Does the LTV at the time of the assumption matter?**



- **Can an assumption be done on a non-performing loan?**



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Ann Hambly



Conditions on Approvals



- Increase or create TI/LC reserve base on TODAY's underwriting
- DSCR below 1.20 = 6-12 months debt service
- Hard lockbox – single tenant or less experienced borrower
- Deferred maintenance to be cured within 90 days
- Requirements for warm body to replace existing warm body

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You CAN Reach the Summit . . .

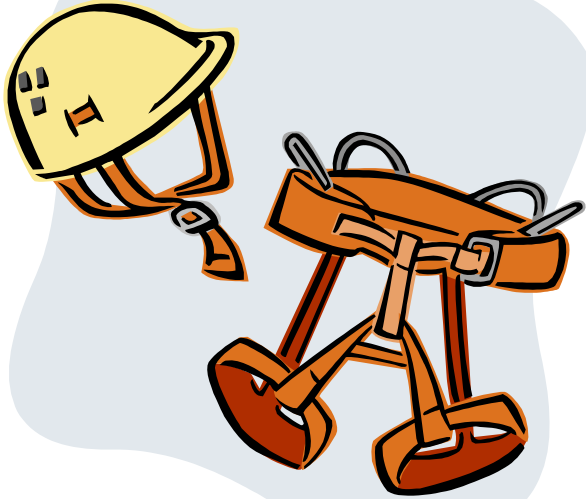


**with experienced guidance and
the proper gear.**

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Other Considerations



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Ann's Resume



- Founded 1st Service Solutions in 2005, recognizing the need for a borrower advocate in commercial real estate.
- 30 years of CRE servicing experience, including CEO of servicing for Prudential, Bank of New York, Nomura, and Bank of America.
- At the forefront of setting CRE standards throughout her career:
 - Current member of prestigious **Real Estate Roundtable**, the **NAIOP Capital Markets Forum** and the **Federal Reserve Bank of Atlanta's** "think tank" for commercial real estate.
 - 2003 Chairperson of the **MBA's** Commercial Board, and in that role presented industry-changing initiatives to Congress.
 - Chairperson of **CEO Servicer Roundtable**, comprised of the major servicing firms across the nation .
 - Other board positions, including **CREFC** (f.k.a. CMSA), **NMHC** and **RECRA**.
- Named one of *National Real Estate Investor's* 2011 Most Influential Women in Commercial Real Estate and a True Leaders Top 25 CEO, a recognition crossing all industries.
- Sought-after speaker for CMBS borrowers, lenders, and attorneys groups as large as 4,000. Also has led CLE courses for attorneys.
- Frequent author of articles and quoted source for publications such as *Wall Street Journal*, *Scotsman Guide*, *Globe Street*, *Hotel News Now* and France Media publications.
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