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## PRELIMINARY RATINGS (AS OF: 11/26/12)

| CLASS | CERTIFICATE BALANCE/ NOTIONAL AMT | PRELIMINARY RATINGS | MORNINGSTAR DSCR | MORNINGSTAR BLTV |
|---|---|---|---|---|
| Class A | $300,000,000 | AAA | 4.38 x | 46.6% |
| Class X | 300,000,000 | AAA | n/a | n/a |
| Class R | n/a | NR | n/a | n/a |

*In determining the preliminary ratings on each class of securities issued by the Trust, Morningstar analyzed the property securing the loan as enumerated herein to determine its stabilized as-is net cash flow (NCF) and values based primarily on the direct capitalization approach. The loans along with their corresponding as-is NCF and property values were then subjected to a series of economic and lending environment stresses in our proprietary CMBS Subordination Model to estimate their expected loss at each rating category. A description of this model is attached as Appendix A to this report. Note (1): The Class X certificates are interest only certificates and will not be entitled to receive distributions of principal. Interest will accrue at the pass-through rate based upon the corresponding national amount. NR – Not Rated; N/A – Not applicable; PR – Private Rating Issued.*

***Estimated Closing Date: December 13, 2012***

*Solely to the extent and subject to the scope of review enumerated herein, this report and the preliminary ratings noted above address certain credit risks and the extent to which the payment stream of the collateral is adequate to make payments required under the certificates based on information identified as subject to review herein and to the extent provided to Morningstar Credit Ratings, LLC ("Morningstar") on the arranger's website for this transaction as of November 26, 2012. The below analysis, as well as Morningstar's ratings characteristics as described in Appendix C, further reflect the ratings analysis related to these preliminary ratings. Investors should be aware that the proposed transaction and certain documents related thereto are not finalized. Following Morningstar's receipt of final information and documentation, and the completion of Morningstar's review of such information and documentation, Morningstar may issue final ratings to certain subscribers. Such final ratings may differ from the preliminary ratings enumerated herein. Any final ratings will solely be available to Morningstar subscribers on a subscription basis. The preliminary ratings are provided on an arranger pay basis while any related surveillance and analysis is provided to subscribers on a subscription pay basis. For the avoidance of doubt, your receipt of this report does not, in and of itself, make recipient a subscriber of Morningstar. For further information on Morningstar's subscription service, please contact Joe Petro pursuant to the contact information above.*

***Ongoing Surveillance Statement***

*Morningstar will monitor the ratings assigned to each Class of certificates on an on-going basis and publish monthly surveillance reports, Morningstar Dealviews, with respect to the trust on a subscription basis solely for subscribers. In addition, changes to ratings and related analysis with respect to each Class of certificates will be provided to subscribers on a subscription basis. Appendix B to this report provides details on our surveillance approach. Morningstar's ability to continually monitor this transaction is contingent on Morningstar's continued timely receipt of certain information and data regarding the collateral and transaction.*

*This report is an opinion and does not constitute an offer to sell or a solicitation of an offer to buy any securities, and it may not be used or circulated in connection with any such offer or solicitation. Morningstar publishes its current Form NRSRO and exhibits thereto at http:rating agency.morningstar.com. Morningstar maintains internal policies and procedures to manage conflicts which may include payment structures for ratings.*

## TRANSACTION SPOTLIGHT

| | | | |
|---|---|---|---|
| **Collateral** | First mortgage loan secured by a fee simple interest in 101 Park Avenue South, New York City | **Mortgage Loan Seller** | Bank of America, N.A. |
| **Notional Balance** | $300,000,000 | **Depositor** | Banc of America Merrill Lynch Large Loan, Inc. |
| **Morningstar U/W Current DSCR** (1) | 4.38 x | **Trustee** | Deutsche Bank Trust Company Americas |
| **Morningstar U/W Amortizing DSCR** (1) | 4.38 x | **Servicer** | Bank of America, N.A. |
| **Morningstar Trust U/W BLTV** | 46.6% | **Special Servicer** | Bank of America, N.A. |
| **Morningstar Trust U/W ELTV** | 46.6% | **Certificate Administrator** | Deutsche Bank Trust Company Americas |

***Note:***

*(1) Current debt service coverage reflects interest only payments for loans which are interest only or which have a partial interest only period. Amortizing debt service coverage includes full amortization payments for amortizing and partial interest only loans and interest only for full term interest only loans. Since this loan is interest-only for the full term the two data points are the same.*

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# Transaction Overview

The collateral for the BAML 2012-PARK securitization is a $300 million first mortgage loan which is secured by the fee simple interest in 101 Park Avenue which is a 1.25 million square foot Class A office building located in the Midtown East submarket of New York City. The loan is interest-only throughout the ten year loan term and interest accrues at a fixed rate of 3.5%; coverage on the loan is strong at 4.38x based upon the Morningstar estimate of net cash flow. Leverage on the loan is low reflecting only 24.6% based upon the appraised value and 46.6% based upon the Morningstar valuation.

Morningstar determined the preliminary ratings for each class of BAML 2012-PARK certificates by subjecting our estimated net cash flow and value conclusion to a variety of stresses in our proprietary CMBS Subordination Model. Morningstar will perform on-going monitoring of the rating on each class of certificates on a subscription basis in accordance with Morningstar's policies and procedures.

| Key Loan Metrics | | |
|---|---|---|
| First Mortgage Loan Amount | $300,000,000 | $240 per sq. ft. |
| Subordinate Debt | 0 | n/a |
| Total Debt | $300,000,000 | $240 per sq. ft. |
| Mortgage Loan Term | 10 years | |
| Maturity Date | Dec. 2022 | |
| Amortization | Interest Only | |
| Interest Rate | 3.5% | |

Morningstar valued the property using the direct capitalization method; our final aggregate value of approximately $643.4 million was calculated using a 7.25% capitalization rate. The capitalization rate took into account the location and quality of the property as well as the risk factors noted above. The Morningstar value, which equates to $516 per square feet, is 47.3% lower than the appraised value of $1.22 billion. The Morningstar valuation resulted in a weighted-average loan-to-value ratio of 46.6%.

| Analytical & Underwriting Metrics | | |
|---|---|---|
| **Metric** | **Morningstar UW** | **Issuer UW** |
| Gross Potential Rent | $82,853,071 | $84,063,532 |
| Vacancy as % of EGI | 3.5% | 4.8% |
| Net Operating Income | $54,631,264 | $55,284,125 |
| Tenant Improv. & Leasing Comm. | $7,402,039 | $4,119,313 |
| Capital Reserves | $584,645 | $455,858 |
| Net Cash Flow (NCF) | $46,644,579 | $50,708,953 |
| Variance to Issuer NCF | -8.0% | n/a |
| Capitalization Rate | 7.25% | 4.16% |
| Capitalized Value/Appraised Value | $643,373,509 | $1,220,000,000 |
| Value Per Square Foot | $516 | $978 |
| DSCR on Net Cash Flow | 4.38 x | 4.76 x |
| Debt Yield on Net Cash Flow | 15.5% | 16.9% |
| Loan-to-value Ratio | 46.6% | 24.6% |

*Note: Issuer Capitalized Value is the appraiser's estimate of value; issuer's capitalization rate is the Issuer' underwritten net cash flow divided by the appraised value.*

## Morningstar Perspective

The certificates backed by the $300 million loan on this property are rated AAA due to the high debt service coverage and low loan to value leverage. Morningstar's analysis of the loan, based on information provided on the arranger's website as of November 26, 2012, yielded a net cash flow of $46.64 million; this was 0.2% lower than the most recent reported net cash flow (which did not include tenant improvements) and 8.0% lower than the Issuer's underwritten net cash flow. The Morningstar net cash flow resulted in a DSCR of 4.38x based upon the loan payment terms. Historical occupancy at the property has averaged 98.3% over the last four years. In the same period, the property has shown consistent operating performance, reporting NOIs of $44.4 million, $47.5 million and $45.1 million, and $46.7 million in 2008, 2009, 2010, and 2011, respectively. The operating performance has been due to a stable rent roll in which four of the top-5 tenants have been at the property since its development in 1982. However, there are certain risk factors (such as the concentrated tenant rollover during 2013 and 2014 as well as the large amount of subleased and dark space at the property) that might impact operating performance in the future. Morningstar has taken these risk factors into account in its analysis.

### *The Bears Say*

- Concentrated Lease Rollover: Approximately 22% (274,000 square feet) of the property's net rentable area is scheduled to expire in 2013 and 2014. According to the appraiser, some of the tenants occupying space scheduled to roll during this period are likely to vacate. Further, according to the appraiser, the vacancy rate in the Grand Central office submarket increased in Q2 2012 over the previous quarter, indicating that there may be headwinds in re-leasing the vacant space. Morningstar has conservatively assumed a 50% renewal probability for the space likely to be vacated.

- Subleased and Dark Space: Approximately 26% (322,000 square feet) of the property's net rentable area consists of subleased space including 40,421 square feet of space where the sub-lessee has in turn subleased the space. While some of the subtenants, such as Tiger Management, also have direct space in the property, according to arranger, management is hopeful of signing direct leases with the subtenants when the original lease rollover. There is also approximately 122,000 square feet (9.75% of property net rentable area) of dark space which is leased by three tenants; these tenants are paying rent but do not occupy the space hence it is referred to as 'dark space.'

- Equity Distribution: The purpose of this loan is to refinance and pay-off existing debt held by MetLife. As part of this transaction, the borrower shall receive an equity distribution of $140.2 million. This risk is mitigated by the fact that the loan after financing has low leverage.

- Lack of Recourse Carve-out Guarantor: The loan is non-recourse to the borrower. Although the loan documents contain non-recourse carveout provisions pursuant to which the borrower becomes liable under certain circumstances, neither the sponsor nor any other person other than the borrower will become liable as a guarantor for the borrower's obligations.

- Lack of Upfront and Ongoing Reserves: the loan does not require upfront or ongoing reserves for property taxes, insurance, capital repairs and replacement, tenant improvements, or leasing commissions; the borrower is required under the loan documents to pay any such expenditure and conduct any needed repairs or improvements. This risk is mitigated by the fact that the loan provides for a DSCR of 4.38x based upon the Morningstar estimate of net cash flow. In the event that debt service falls below 2.25x net cash flow for two consecutive periods, then the loan agreement provides for the funding of reserves. For a more detailed discussion of reserves, please refer to page 19 of this presale report.

- Cash Leakage: Pursuant to the cash management provisions in the loan documents, the lender does not have sole discretion regarding the application of funds post event of default. Instead, prior to lender accelerating the debt, funds must still be applied to certain items such as operating expenses which may not form part of a lender approved budget. In addition, (i) borrower may avoid certain trigger events by providing a deposit into the excess cash reserve and (ii) borrower may elect to make a one-time deposit into certain reserves in lieu of making monthly deposits. If the applicable trigger event is cured and a subsequent trigger event occurs, borrower is required to either resume making monthly deposits or make another one-time deposit. However, if borrower has elected to make a one-time deposit and the applicable trigger event is never cured, per information from the arranger posted on November 21, 2012, borrower is not required to make any further payments to the applicable reserve.

- Zoning Compliance: Due to changes in applicable building and zoning ordinances and codes after it was built, the property has several legal non-conforming characteristics, including: (a) deficient building setbacks, (b) street wall heights that exceed maximum applicable limits, and (c) floor area ratios that exceed maximum applicable limits. Such changes in the zoning laws may limit the ability of the sponsor to rebuild the premises "as-is" in the event of a substantial casualty loss.

***The Bulls Say***

- Low Leverage and Strong Coverage: Leverage on the loan is low reflecting only 24.6% based upon the appraised value and 46.7% based upon the Morningstar valuation. There is no subordinate debt on the property and the loan prohibits the borrower from incurring any additional debt. Based on Morningstar's underwritten cash flow, the loan has a DSCR of 4.38x and a debt yield of 15.5%

- Historically High Occupancy and Tenant Retention: The property has averaged 98.3% occupancy since 2008 and four of the top-5 tenants have been at the property since it was built in 1982. In addition, the largest tenant at the property, Morgan Lewis & Bockius has a lease expiration in 2029 for 198,918 square feet or 62% of its total leased space, which is well beyond the loan maturity in 2022.

- Below market rents: The weighted average in-place rent at the property of $66.38 per square foot is below market as compared to the appraiser's market rent conclusions ranging from $70 per square foot for the lower floors to $110 per square foot for the top floors, implying potential upside in rental income as tenants renew their leases or current subtenants are converted to direct tenants. Although the average rent in the Grand Central submarket, where the property is located, is $57 per square foot according to the appraiser, because of its Park Avenue location, the property also competes indirectly with buildings in the Park Avenue submarket where the average rent is higher at $79 per square foot. Based upon our review of market comparables, Morningstar's estimate of the weighted average market rent for the property is $84.15 per square foot.

- Strong Location: The property is located one block south of the Grand Central Terminal, which is one of the main transportation hubs of New York City, providing access to Metro North as well as five MTA subway lines. Shuttles are available to the three major New York area airports and Pennsylvania station. The property also benefits from its location on Park Avenue and competes both in the Grand Central and Park Avenue submarkets.

- Strong Sponsor/Management: The sponsor on this loan is Peter S. Kalikow and the property will be operated by H. J. Kalikow & Co., LLC which is owned and managed by Mr. Kalikow. H.J. Kalikow & Co, LLC is a leading New York City real estate investment firm and developed the property in 1982 and has owned and operated it since then. While Morningstar views the sponsorship as a favorable factor in the long term success of the asset, we have not given sponsorship credit in our evaluating of the rating.

## Property Site Visit

Morningstar conducted a site visit of the subject property on Tuesday, November 13, 2012. The property tour included visits to tenant spaces leased by Morgan Lewis & Bockius, Kelly Drye & Warren, Nespresso (sub-subtenant of UBS), vacant office space, vacant and occupied retail space, the garage space and some of the mechanical floors. All the tenant spaces visited had good quality fit and finish. The building offers generally good views along Park Avenue from the higher floors. Since the building is offset from Park Avenue on a diagonal, it offers an outdoor public plaza on Park Avenue and also creates views from the higher floors in the building. The mechanical floors are very well maintained, clean, and the equipment was freshly painted. According to the property management they have fielded requests from various users including drug stores and gyms, amongst others for part of the vacant retail space on the first floor with access from Park Avenue and 41st street. The property is in overall good condition and no obvious deferred maintenance issues were observed during the site visit. The building has a distinct profile and good visibility from Park Avenue.

Based upon our evaluation, Morningstar assigned a property quality score of 2 to the property which rates the property as "Good". Morningstar uses a scale of 1 to 5, with "1" being the highest quality. Factors including the property's age, location, and condition are considered in assigning the quality score. After assigning a quality score to the property, Morningstar then factors the score into the assignment of our capitalization rates.

## Credit Support Stresses

Morningstar's final net cash flow and capitalization rates for each property are matched with the corresponding loan characteristics and subjected to various stresses, including net cash flow declines, capitalization rate deterioration and default timing, in Morningstar's CMBS Subordination Model at each rating category. Additional stresses are applied to the cash flow of those properties contributing to portfolio level concentration risks. This is done separately to gauge the credit-worthiness of each loan during its term and at the balloon date. In the case of the latter, Morningstar additionally stresses the ability of the borrower to refinance the loan at higher loan constants. For instance, at the AAA level, Morningstar's analysis utilizes a stressed refinance loan constant of 12.0%.

The metrics shown below highlight the magnitude of cash flow and value decline after applying all of the stresses at each rating category. These are provided separately for the term default and balloon default analyses. By way of example, in assigning a rating of "AAA" to the Class A certificates, we subjected our concluded net cash flow to a weighted-average 36.0% decline and our concluded value to a weighted-average 49.8% decline in the term default analysis. In the balloon default analysis, these weighted-average declines were 36.0% and 47.3%, respectively. We should note that the balloon declines reflect the post-

extension period improvement in those instances the stressed loan metrics allow for an extension at the balloon date. It should also be noted that these declines are applied to Morningstar's concluded net cash flow which in the overwhelming majority of cases is lower than the in-place net cash flow. These declines are weighted-average statistics. The declines applied to the individual properties differ and are a function of factors such as property type and concentration risks.

The resultant credit support levels based on these stresses are then compared to the levels of the actual capital structure to determine the appropriate rating level for each class of securities.

| | AAA |
|---|---|
| Morningstar NCF Decline (Term) | 36.0% |
| Morningstar Value Decline (Term) | 49.8% |
| Morningstar NCF Decline (Balloon) | 36.0% |
| Morningstar Value Decline (Balloon) | 47.3% |

## Morningstar Rating Characteristics

Appendix C of this presale report contains general characteristics of Morningstar's rating of CMBS transactions as well as characteristics specific to this transaction.

# Collateral Summary

## Loan Collateral Summary

The subject loan is secured by the fee simple interest in 101 Park Avenue, a 1,247,808 square foot, 48-story, class-A office building located in the Grand Central submarket of New York City. The property is located on a 1.21-acre site along Park Avenue South between 40th Street and 41st Street in Manhattan. Built in 1982, the property comprises approximately 1.14 million square feet of office space, 45,440 square feet of ground floor and sublevel retail space, 22,742 square feet of basement/storage space, and a 37,399 square foot subterranean parking garage containing approximately 124 parking spaces. The mortgaged property also contains 19 passenger elevators and 2 freight elevators. The property is oriented on a diagonal facing 40th and Park Ave, which allows space for an outdoor public plaza with a fountain and seating area. The plaza further distinguishes the asset and provides a public open space within a dense, urban setting. 101 Park Avenue features a split-octagon geometric layout which provides its tenants with an increased number of corner offices. The four-story lobby has a large slanted glass skylight ceiling and includes ground floor retail space in addition to the entrance to the Club 101 private dining club and meeting space. The building consists of a reinforced concrete frame supported by a reinforced concrete foundation keyed into the underlying bedrock. The exterior facades are predominately aluminum-frame curtain wall with small areas of granite panels and brick masonry. The building is heated by heat exchange with utility company steam using plate heat exchangers and two hot water circulation loops. The building is cooled by a central plant with three chillers connected to two rooftop cooling towers.

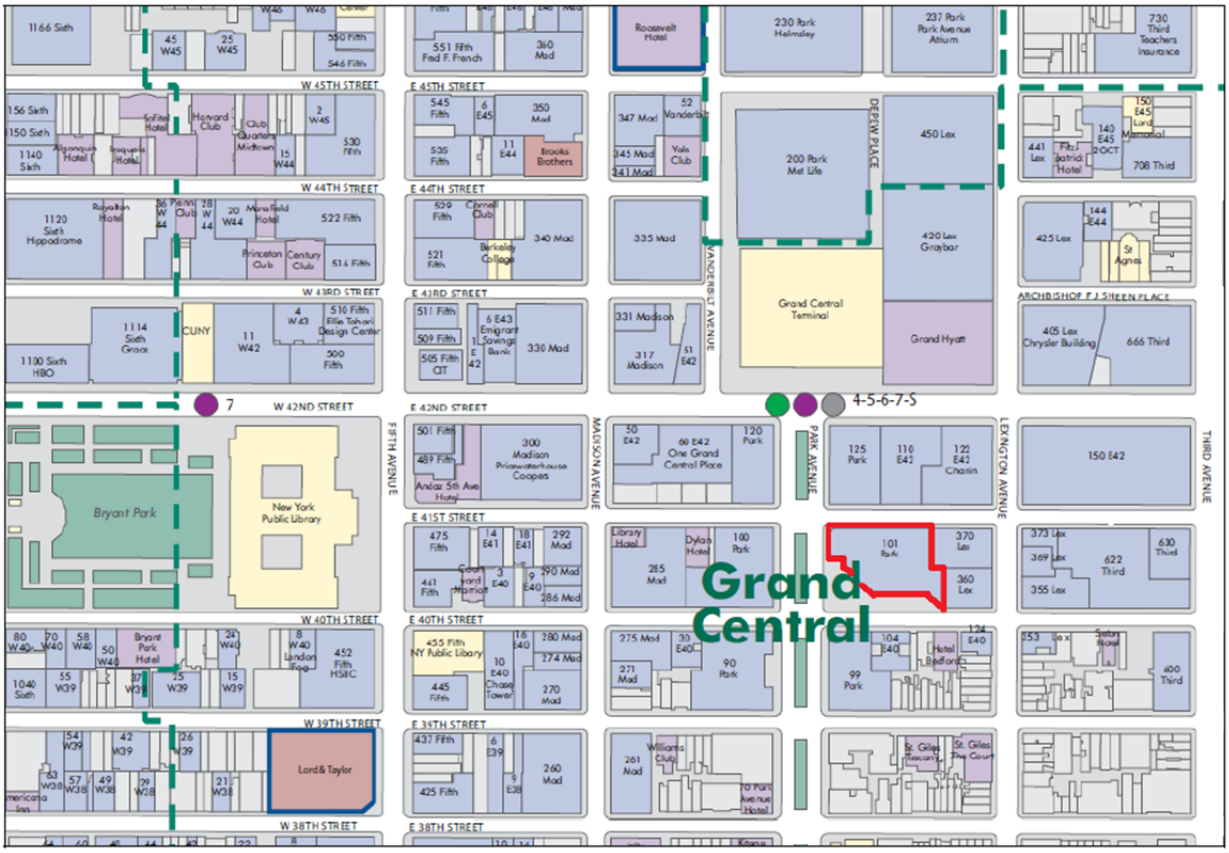
The property benefits from its location two blocks from Grand Central terminal, which is a major transportation hub for New York City. Consequently, the property has excellent access to public transport through five MTA subway lines that serve Grand Central. In addition, commuter rail access is available via Metro North to suburban New York counties as well as western Connecticut. Shuttles are also available to all the major New York area airports and Pennsylvania Station.

The predominant land use in the immediate vicinity of the property is commercial characterized by a strong core of office buildings, generally with ground floor retail. There are a number of older, iconic buildings within close to the property including the Met Life building (200 Park Avenue), the Helmsley Building (230 Park Avenue) and the Chrysler building (405 Lexington Avenue). Newer office buildings in the area include 383 Madison Avenue, 425 Lexington Avenue and 450 Lexington Avenue.

There has been a large amount of new development in the Midtown New York market area; the bulk of new development has been concentrated to the west of the subject along the 42nd Street corridor between Sixth and Eighth avenues and includes One Bryant Park (2.4 million square feet) and the various Times Square construction projects. New projects under development include the International Gem Tower (750,000 square feet) on 47th street and 6th avenue and the 7 Bryant Park (470,000 square feet) on 40th street and 6th avenue. Other buildings developed recently include new additions close to the subject include the 1.1 mm square foot 300 Madison Avenue at the southwest corner of Madison Ave. and East 42nd Street and a 30-story office building north of the property at 510 Madison Avenue (350,000 square feet). In addition to the numerous office buildings that dominate the local landscape, there is also a significant amount of hotel use in the neighborhood, especially in the area along Lexington Avenue to the immediate north of the subject property. Hotels in the subject neighborhood include the Grand Hyatt Hotel, The Intercontinental, The Waldorf Astoria and the Marriott Eastside. Overall, this area is primarily improved with corporate headquarters buildings, multi-tenanted office buildings and full-service hotels.

Occupancy at the property is 96.0% as of November 2012; the property has reflected extremely strong results over the last decade with the occupancy rate averaging 99.1% between 2002 and 2012 and 98.3% over the last four years. Similarly, the property has shown consistent operating performance, reporting net cash flow of $44.4 million, $47.5 million and $45.1 million, and $46.7 million in 2008, 2009, 2010, and 2011, respectively.


101 Park Avenue



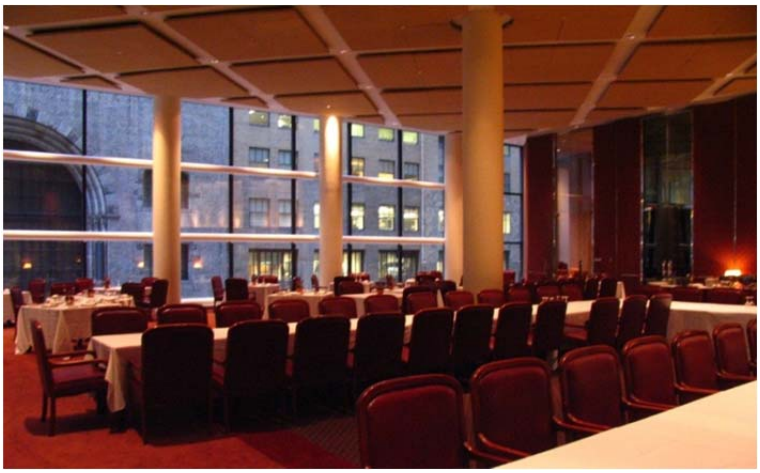

*Source: CBRE Appraisal.*

Morgan Lewis Bockius Lobby

26th Floor Elevator Lobby

Vacant Office Space

Vacant Retail Space



Club 101

Building Mechanical Room

### *Tenant Overview*

The following table presents a summary of the top-10 direct tenants at the property and the rent generated by each tenant, according to an issuer provided rent roll as of November 15, 2012. As a total the top-10 tenants account for 81.8% of the net rentable area of the building and 86.7% of the total base rent. Four of the top-5 tenants have leased space at the property since its inception in 1982.

| Tenant Name | Occupied Sq. Ft. | % Total Sq. Ft. | In-Place Rent | In-Place Rent Per Sq. Ft. | % Total Rent | Lease Start | Lease Expiration~~Lease~~ |
|---|---|---|---|---|---|---|---|
| Morgan Lewis & Bockius | 320,318 | 25.67% | $24,390,948 | $76.15 | 30.66% | Various | Various |
| Kelley Drye & Warren LLP | 152,042 | 12.18% | 12,014,400 | 79.02 | 15.10% | Various | Apr-22 |
| Booz & Company | 94,000 | 7.53% | 6,156,996 | 65.50 | 7.74% | May-82 | Apr-14 |
| UBS | 93,200 | 7.47% | 6,057,996 | 65.00 | 7.62% | Nov-01 | Jun-13 |
| Curtis, Mallet-Prevost, Colt & Mosle LLP | 89,670 | 7.19% | 4,124,712 | 46.00 | 5.19% | May-82 | May-17 |
| Oracle America | 78,200 | 6.27% | 5,474,004 | 70.00 | 6.88% | Dec-01 | Dec-13 |
| Royal Bank of Scotland | 75,600 | 6.06% | 4,313,196 | 57.05 | 5.42% | Various | Apr-13 |
| ABN Amro | 47,000 | 3.77% | 3,290,004 | 70.00 | 4.14% | Sep-01 | Apr-14 |
| Federal Home Loan Bank of New York | 41,000 | 3.29% | 2,337,000 | 57.00 | 2.94% | Aug-02 | Aug-17 |
| Quik Park | 29,183 | 2.34% | 775,980 | 26.59 | 0.98% | Jan-06 | Dec-15 |
| Total Top 10 Tenants | 1,020,213 | 81.76% | $68,935,236 | $67.57 | 86.66% | | |

### *Major Tenants*

*Morgan Lewis & Bockius:* Founded in 1873, Morgan Lewis & Bockius has more than 1,600 legal professionals — including lawyers, patent agents, benefits advisers, regulatory scientists, and other specialists — in 24 offices across the United States, Europe, and Asia. Morgan Lewis provides comprehensive transactional, litigation, labor and employment, regulatory, and intellectual property legal services across all major industries. Morgan Lewis currently subleases 30.0% its leased space including space on the 7th floor (45,500 square feet) to UBS and space on the 47th and 48th floors (50,600 square feet) to Tiger Management. In addition, 29,679 (9.3%) square feet of its space is currently dark. However, of its total leased space, 198,918 square feet (62.1%) is leased through 2029 while the remainder of the space expires in 2014. Morgan Lewis has been a tenant at the property since 1982.

*Kelley Drye & Warren LLP:* Kelley Drye & Warren LLP is an international law firm founded in 1836 with approximately 350 lawyers and other professionals practicing in New York, Washington, DC, Los Angeles, Chicago, Stamford, Parsippany, and Brussels, additionally offering a full scope of legal service through an affiliate relationship with the Mumbai-based independent law firm, Fortitude Law Associates. Kelley Drye provides legal advice in more than 30 practice areas. Kelley Drye has been a tenant at the property since 1982. In addition to its directly leased space, Kelley Drye also subleases 9,594 square feet from Oracle America. All of Kelley Drye's direct space is leased through 2022.

*Booz & Company:* Booz & Company is a leading global management consulting firm that advises businesses, government ministries (outside the U.S.), and institutions around the world on issues of strategy, organization, operations, transformation and information technology. The firm holds expertise in a vast range of industries, including aerospace, automotive, chemicals, consumer, energy and utilities, financial services, health, industrials, media and entertainment, oil and gas, retail, transportation and others. Booz & Company has been a tenant at the Property since 1982. The tenant currently subleases 50.0% of its leased space including space on the 20th floor (23,500 square feet) to Tiger Management and space on the 22nd floor (23,500 square feet) to UBS. Booz & Company recently renewed its lease on 47,000 square feet on the 18th and 19th floor through 2019. The lease for the area which is subleased space expires in 2014.

*UBS:* UBS is a Swiss global financial services company headquartered in Basel and Zürich, Switzerland. UBS operates in more than 50 countries and has about 65,000 employees globally as of 2012. The company provides investment banking, asset management, and wealth management services for private, corporate, and institutional clients worldwide, as well as retail clients in Switzerland. UBS's space on the 16th floor is currently dark. The remainder of the tenant's space is currently subleased to multiple subtenants. UBS's lease expires in June 2013. Morningstar has assumed that 50% of the subleased and dark space will be vacated at the expiration of the term.

*Curtis, Mallet-Prevost, Colt & Mosle LLP:* Founded in 1830, Curtis, Mallet-Prevost, Colt & Mosle LLP, is a law firm that represents multinational companies, international financial institutions, governments and state-owned entities, family and other privately held businesses, entrepreneurs, and high-net-worth individuals. The firm has 16 offices in the United States, Latin America, Europe, the Middle East and Central Asia located in key business centers. The firm is

known for its international corporate practice including securities, mergers & acquisitions, project finance and other transactional matters. Curtis is an original tenant of the Property, having leased space since 1982. Its lease expires in May 2017.

***Dark and Subleased Space***

Approximately 321,555 square feet (25.77%) of the net rentable area of the property has been subleased by the direct tenants and in some cases by the first sub-lessee. The following table presents a summary of the subleased space at the property:

| Schedule of Subleased Space | | | | | | | |
|---|---|---|---|---|---|---|---|
| Direct Tenant | Sub-Tenant | Sublease Sq. Ft. | % Total Collateral Sq. Ft. | Sublease Rent Per Sq. Ft. | Morningstar Market Rent Per Sq. Ft. | SubLease Start | SubLease Expiration |
| Oracle | Kelley Drye & Warren LLP | 9,594 | 0.77% | $50.00 | $70.00 | N/A | 12/17/2013 |
| Morgan Lewis & Bockius | UBS | 45,500 | 3.65% | 45.00 | 70.00 | N/A | 9/29/2014 |
| *UBS (Sub-tenant of Morgan Lewis)* | *Benchmark Solutions* | *15,821* | *1.27%* | *56.24* | *70.00* | *4/28/2010* | *9/29/2014* |
| Royal Bank of Scotland | Duval & Stachenfeld LLP | 23,300 | 1.87% | 37.63 | 80.00 | 7/1/2009 | 4/1/2013 |
| Royal Bank of Scotland | Duval & Stachenfeld LLP | 10,000 | 0.80% | 41.03 | 80.00 | 9/1/2009 | 4/30/2013 |
| Royal Bank of Scotland | Duval & Stachenfeld LLP | 12,253 | 0.98% | 44.74 | 80.00 | 5/1/2010 | 4/30/2013 |
| UBS | First NY Securities | 24,250 | 1.94% | 56.10 | 80.00 | 7/27/2010 | 4/30/2013 |
| UBS | Eladian Partners | 25,250 | 2.02% | 55.00 | 80.00 | 12/1/2011 | 4/30/2013 |
| UBS | Undertone | 24,250 | 1.94% | 55.83 | 80.00 | 10/1/2010 | 4/30/2013 |
| Booz & Company | Tiger Management | 23,500 | 1.88% | 71.27 | 90.00 | 11/1/2009 | 4/30/2014 |
| Booz & Company | UBS | 23,500 | 1.88% | 55.00 | 90.00 | N/A | 4/30/2014 |
| *UBS (Sub-tenant of Booz & Company)* | *Nespresso* | *24,600* | *1.97%* | *55.83* | *90.00* | *8/2/2010* | *4/29/2014* |
| ABN Amro | Citigroup | 38,253 | 3.07% | 49.04 | 90.00 | N/A | 4/29/2014 |
| ABN Amro | Castlerock | 11,305 | 0.91% | 70.00 | 90.00 | 12/5/2008 | 4/29/2014 |
| Morgan Lewis & Bockius | Tiger Management | 50,600 | 4.06% | 90.00 | 110.00 | 7/1/2007 | 9/29/2014 |
| Total | Total | 321,555 | 25.77% | $58.01 | $86.01 | | |

Some of the subtenants, such as Tiger Management and Kelley Drye & Warren, also have direct leases at the property, which makes it more likely that they will convert their subleases into direct leases upon original tenant expiration. According to information provided by the arranger, the sponsor indicated that some other subtenants, such as Nespresso, have expressed interest in converting their subleases into direct leases. The subtenant rents are substantially below market, which indicates potential for upside in the gross potential rent as the subleased spaces are either converted to direct leases or leased to new tenants. However, the subtenants could also choose to vacate their spaces instead of converting to direct leases, which would have a significant impact on vacancy and leasing costs. Morningstar has conservatively not given any credit to the potential upside based on the below-market sublease rents and has assumed a 50 percent renewal probability for this space for the purposes of estimating normalized tenant improvement and leasing commission expenses.

Dark space is space leased to tenants that are paying rent but which do not occupy the space. In addition to the subleased space at the property, 121,585 square feet (9.74%) of the property's net rentable area is dark. The following table presents a summary of the dark space at the property:

| Schedule of Dark Space | | | | | | |
|---|---|---|---|---|---|---|
| | Leased Sq. Ft. | Dark Sq. Ft | % Leased Sq. Ft. | % Collateral Sq. Ft. | Lease Start | Lease Expiration |
| Morgan Lewis & Bockius | 320,318 | 29,679 | 9.27% | 2.38% | Various | Various |
| UBS | 93,200 | 23,300 | 25.00% | 1.87% | Nov-01 | Jun-13 |
| Oracle America | 78,200 | 68,606 | 87.73% | 5.50% | Dec-01 | Dec-13 |
| Total | 491,718 | 121,585 | 24.73% | 9.74% | | |

## Tenant Expiration and Lease Rollover

The property faces significant lease rollover during 2013 and 2014 with approximately 22.0% of the building's net rentable area scheduled to roll in each of those years. There is also lease rollover concentration in 2017 and 2019 when 12.4% and 13.6% of the rent roll, respectively are scheduled to expire. During the term of the loan, a total of 962,746 square feet or 77.2% of the property net rentable area is scheduled to roll. According to the appraiser, some of the space scheduled to roll in 2013 will likely be vacated by the current tenants. While the loan structure does not provide for any upfront escrows for tenant improvements or leasing costs, Morningstar has made a one percentage point upward adjustment in the capitalization rate used to value the property to account for the lease roll-over risk. In addition, as indicated earlier, Morningstar has assumed a 50% renewal probability for tenant spaces that are likely to be vacated upon lease expiration. The following table summarizes the tenant expiration and lease rollover over the term of the loan:

**Tenant Expiration and Lease Rollover Schedule**

| Year of Expiration | # of Tenants | Sq. Ft. Expiring | Cumulative Sq. Ft. Expiring | % of Total Sq. Ft. | Rent Sq. Ft. Expiring | Total Rent Expiring | Cumulative Rent Expiring | % of Tot Rent |
|---|---|---|---|---|---|---|---|---|
| MTM | 1 | 5,606 | 5,606 | 0.45% | $50.00 | $280,296 | $280,296 | 0.35% |
| 2012 | 1 | 5,000 | 10,606 | 0.40% | 95.00 | 474,996 | 755,292 | 0.60% |
| 2013 | 9 | 273,926 | 284,532 | 21.95% | 62.84 | 17,214,072 | 17,969,364 | 21.64% |
| 2014 | 9 | 273,200 | 557,732 | 21.89% | 67.99 | 18,574,998 | 36,544,362 | 23.35% |
| 2015 | 1 | 29,183 | 586,915 | 2.34% | 26.59 | 775,980 | 37,320,342 | 0.98% |
| 2017 | 8 | 154,268 | 741,183 | 12.36% | 51.00 | 7,868,016 | 45,188,358 | 9.89% |
| 2019 | 2 | 52,020 | 793,203 | 4.17% | 68.06 | 3,540,342 | 48,728,700 | 4.45% |
| 2022 | 8 | 169,543 | 962,746 | 13.59% | 80.88 | 13,712,884 | 62,441,584 | 17.24% |
| 2023+ | 1 | 198,918 | 1,161,664 | 15.94% | 86.00 | 17,106,948 | 79,548,532 | 21.51% |
| Totals / Weighted Avg. | 40 | 1,161,664 | | 93.10% | $68.48 | $79,548,532 | | 100.00% |

*Note: 36,644 square feet is occupied by building management, and therefore, is not included in the summary table above.*

The 2013 lease rollover comprises predominantly of UBS (93,200 square feet; 34.0% of the rollover), Oracle America (78,200 square feet; 28.5%), and Royal Bank of Scotland (75,600 square feet; 27.6%). All three tenants have either substantially subleased their space (UBS and Royal Bank of Scotland) and/ or they are dark (Oracle America). It is also likely that they will vacate their spaces upon lease expiration. Oracle's direct rent is at market, and UBS's and Royal Bank of Scotland's rents are below market when compared to the appraiser's rent conclusions. Their subleases are also below market as shown in the schedule of subleased space. These lease expirations could therefore present an opportunity for the sponsor to re-lease the space at higher rents in-line with the market. Morningstar has not given any credit for such upside.

The 2014 lease rollover comprises predominantly of Morgan Lewis (121,400 square feet; 44.4% of the rollover), Booz & Company and ABN Amro (47,000 square feet; 17.2% each), Tiger Management (25,300 square feet; 9.3%), and Robertson Foundation (23,500 square feet; 8.6%). Morgan Lewis is the largest tenant in the building and has been at the property since 1982. The remainder of its space in the building, 198,918 square feet, is leased through 2029 and part of the space expiring in 2014 (50,600 square feet) is subleased to Tiger Management. Tiger Management, in addition to its direct space and the Morgan Lewis sublease also subleases space from Booz and Company. Tiger Management has been at the property since 1982 and according to the management, is likely to maintain a presence in the building. Booz & Company, which is also an original tenant, recently renewed its lease on 47,000 square feet through 2019. Similar to the 2013 roll, the leases rolling in 2014 are below market compared to the appraiser's rent conclusion and present an upside opportunity to the sponsor.

# Market Area Overview

## General Overview

The subject property is located in Midtown, Manhattan generally defined as being bound by 59th Street to the north, Third Avenue to the east, 34th Street to the south, and Seventh Avenue and Broadway to the west. This core area is densely improved with commercial office buildings and ancillary uses such as hotels and numerous service establishments located at grade along both avenues and side streets. Residential uses typically involve modern mixed use buildings situated to the south and east of the subject property. The subject property is situated in the southeast portion of Midtown within the Grand Central submarket.

The Midtown market recorded 3.05 million square feet of leasing activity during the second quarter, up 14% from the previous quarter's mark of 2.67 million square feet. Most of the large leases consummated in the second quarter were renewals and expansions. The largest transaction completed during the period was Viacom, Inc.'s renewal and expansion for 1.60 million square feet at 1515 Broadway, completed in April, followed by Citibank N.A./Citigroup's 491,000 square feet renewal at 601 Lexington Avenue, completed in May. On the supply side, the largest new availability brought to market during the second quarter was 717,000 square feet of remaining available space at Boston Properties' new development at 250 West 55th Street. Other significant new availabilities included 143,000 square feet of direct space at 1501 Broadway and 84,000 square feet of direct space at 579 Fifth Avenue. The net absorption in the Midtown market in the second quarter of 2012 was negative 380,000 square feet. The new construction also impacted the vacancy rate, which increased to 12.0% in the second quarter from 11.9% in the first quarter. The overall average asking rent in the Midtown market increased by 2% during the second quarter to $64.56 per square feet, according to the appraiser, due to growth of asking rents for direct space, which rose by $1.56 during the quarter to $67.26 per sq. ft. However, the average sublease asking rent decreased by $1.25 per square foot to $53.40 per square foot during the quarter.

According to the appraiser, the Grand Central submarket had an office inventory of 44 million square feet across 87 buildings as of the end of Q2 2012. The current overall average asking rent in Manhattan is $57.42 per square foot with a current total vacancy rate of 13.4%, and a direct vacancy rate of 9.6%.

The Grand Central office submarket has experienced an upward trend in average asking rent, from $54.69 per square foot in the second quarter of 2011 to $57.42 per square foot in the second quarter of 2012. The current vacancy rate for the submarket has increased to 9.61% in the second quarter 2012 up from 9.50% achieved in the previous quarter. Availability has decreased to 13.36% in the second quarter 2012 down from 14.71% in the second quarter 2011. Leasing activity in the Grand Central submarket has outpaced the rest of the Midtown Market with YTD leasing activity of 1,190,649 square feet. Net absorption is a negative 244,953 square feet in 2012. According to the appraiser, the submarket should continue to improve as the economy continues to recover gradually and a return to growth in rents and occupancy is expected over the long term. The property, by virtue of its location on Park Avenue, also competes with the Park Avenue submarket where rents average $78.96 per square foot.

## Office Market

The appraiser evaluated 18 recent leasing transactions ("comparables') in 16 office buildings. The market comparables show that a difference in the rental rates can be attributed to the quality and condition of the buildings, reputation, location, as well as the floor that the leased space is located within a building. The starting base rental rates from the comparables indicate a range from $65.00 to $125.00 per square foot, with an average of $87.17 per square foot. The majority of the leases were signed for 10 year lease terms, with rental step-ups during the lease term for the longer leases. All the leases were signed on a partial gross basis by which the tenants assume their proportionate share of increases in operating expenses and real estate taxes over a base year amount. On an effective rent basis, the rents ranged from $51.15 per square foot to $115.04 per square foot on a modified gross basis, with an average of $80.59 per square foot. Free rent ranges from 0 to 12 months free, with an average of 5.9 months. Tenant improvements ranged from none (on a renewal) to $125.00 per square foot (raw space), with an average of $60.10 per square foot. Higher tenant improvement and concession packages were generally provided with the longer term transactions, while the lower end involved spaces with usable build-outs/pre-built units. At the subject property, Tata America was given three months of free rent and a $15 per square foot tenant improvement allowance for an early renewal of its lease on a 13,200 square foot space. Global Credit, which signed a new lease for a 5,020 square foot space received three months of free rent and $60 per square foot in tenant improvements. Morgan Lewis signed an early renewal of 198,918 square feet of its space in 2011 for an additional 15 years through 2029 with no additional tenant improvements or free rent.

Based on an analysis of the lease comparables, the appraiser concluded market rents to be $70 per square foot for floors 3-7, $80 per square foot for floors 8-17, $90 per square foot for floors 18-32, $100 per square foot for floors 33-45, and $110 per square foot for the top floors. The appraiser concluded an average lease term of 10 years and average concessions of six months for new leases and three months for renewing leases. The appraiser estimated retail rents of $130 per square foot for the property's primary avenue frontage space, $80 per square foot for 41st Street frontage, and $50 per square foot for interior retail space.

# Morningstar Analysis and Valuation

Morningstar evaluated the asset's historical cash flow, occupancy levels, operating expenses, fixed expenses, tenant improvements, leasing costs, and capital costs. Morningstar's estimates of revenue and expenses, as well as our analytical approach, are discussed below.

## Morningstar Estimate of Net Cash Flow

### *Gross Potential Rent*

Gross potential rent is based upon the rent roll dated October 31, 2012 and includes contractual rent increases through December 12, 2012. Our concluded market rents are based upon an analysis of recent leasing at the property, the appraiser's conclusions, and comparable rental information provided within the appraisal and other market sources. Morningstar's concluded weighted average market rent was $84.15 per square foot compared to the weighted average in-place rent of $66.38 per square foot. According to the appraiser the average asking rent in the Grand Central submarket is $57.42 per square foot and the average rent in the Park Avenue submarket is $78.96 per square foot.

### *Rental Vacancy and Concessions*

According to Reis and the data provided by the appraiser, the market vacancy in the Grand Central submarket in which the property is located ranges from 9.6% to 10.0%. However, since the property is 96% leased per the October 2012 rent roll and historical occupancy has averaged 98.5% over the last five years; Morningstar has used a minimum vacancy assumption of 5%.

### *Other Income*

Expense Reimbursements – Morningstar underwrote expense reimbursements based on the historical average expense reimbursement ratio.

Other Income– Morningstar underwrote other income based on the property's 2012 Budget.

### *Operating Expenses*

Morningstar's expenses are underwritten in-line with the property's 2012 Budget unless as noted below:

Real estate taxes – Morningstar underwrote real estate taxes based on the appraiser's estimate of 2012-13 real estate taxes. The appraiser's analysis was based on a phase-in of real estate tax increases over a five-year period based on transitional values.

Insurance – Morningstar underwrote insurance expense based on the issuer's estimate of insurance expense which reportedly reflects the actual insurance premiums.

Management Fees – Morningstar underwrote management fees as 2% of the effective gross income (EGI) of the property. Morningstar typically assumes a management fee to be the higher of the actual contract and a minimum of 3% of EGI. The issuer has estimated management fees to 1% of EGI. Given the high revenues at this property we have adjusted our minimum to be 2% of EGI or $1.9 million per year; based upon a review of appraisal and market conditions, we believe that it would be possible to secure professional management services comparable to the existing manager at this expense level.

Other Expenses – Morningstar underwrote other expense in-line with the historical average of this expense line item.

### *Capital Expenses*

Tenant Improvements – Morningstar underwrote new tenant improvements (TI) at 56% of the concluded base rent and renewal tenant improvements at 40% of new TIs based on the weighted average of the appraiser's concluded new and renewal TIs as a percentage of rent. New TIs ranged from $32.5 per square foot to $43.0 per square foot and renewal TIs from $13.0 per square foot to $17.2 per square foot. A renewal probability of 65% was assumed, except for tenant spaces which, according to the appraiser, are likely to be vacated upon lease expiration, for which a 50% renewal probability was assumed.

Leasing Commissions – Morningstar underwrote leasing commissions at 4% for new leases and 2% for renewal leases, in all cases assuming a 10-year lease term.

Capital Reserve – Morningstar underwrote the capital reserve to 110% of the engineer's concluded reserves in the PCA, which were $0.43 per square foot.

## Morningstar Valuation

Morningstar estimated the value of the asset based the income capitalization approach to value. Capitalization rates are estimated quarterly by Morningstar for the office market in each region and major metropolitan area based upon a review of investor surveys including Real Estate Research Council, PWC Real Estate Investor Survey (Korpacz), as well as a review of research and comparable sales information provided by Real Capital Analytics. The Morningstar capitalization rate for the New York City office market was 7.58%. This base capitalization rate was adjusted to reflect the relative location, quality, and condition of the subject asset relative to the overall market. Morningstar's concluded capitalization rate for this asset was determined to be 7.25% which resulted in a direct capitalization value of $643.4 million, or $516 per square foot.

The following table presents a summary of historical operating results for 2009, 2010, 2011, the issuer's underwriting, and Morningstar's conclusions.

| | Morningstar Underwriting | Year End 2009 | Year End 2010 | Year End 2011 | BAMLL Underwriting |
|---|---|---|---|---|---|
| **Income** | | | | | |
| Gross Potential Rent | $82,853,071 | $66,854,467 | $67,737,183 | $69,114,122 | $84,063,532 |
| Less: Vacancy Loss (GPR) | (3,304,543) | 0 | 0 | 0 | (4,515,000) |
| **Base Rent/Net Effective Rent** | **$79,548,528** | **$66,854,467** | **$67,737,183** | **$69,114,122** | **$79,548,532** |
| Expense Reimbursement | $14,612,621 | $17,572,697 | $15,144,822 | $15,939,481 | $14,235,835 |
| Other Income | 402,000 | 520,430 | 291,162 | 413,068 | 402,000 |
| **Effective Gross Income** | **$94,563,149** | **$84,947,594** | **$83,173,167** | **$85,466,671** | **$94,186,367** |
| **Expenses** | | | | | |
| Real Estate Taxes | $20,829,062 | $18,160,184 | $18,738,508 | $19,511,073 | $20,795,647 |
| Property Insurance | 1,348,931 | 1,010,446 | 1,224,120 | 1,206,539 | 1,348,931 |
| Utilities | 3,993,000 | 3,430,325 | 3,950,736 | 3,852,789 | 3,993,000 |
| Contract services | 6,700,000 | 7,440,338 | 6,753,744 | 6,520,887 | 6,700,000 |
| Management Fees | 1,891,263 | 2,518,182 | 2,555,439 | 2,584,121 | 941,864 |
| Payroll & Benefits | 2,415,000 | 2,333,611 | 2,320,524 | 2,344,840 | 2,415,000 |
| Common Area Maintenance | 1,932,800 | 1,834,679 | 1,750,302 | 1,925,691 | 1,932,800 |
| Professional Fees | 500,000 | 514,184 | 463,887 | 495,264 | 500,000 |
| Other Expenses | 321,830 | 230,202 | 292,726 | 280,785 | 275,000 |
| **Total Operating Expenses** | **$39,931,886** | **$37,472,151** | **$38,049,986** | **$38,721,989** | **$38,902,242** |
| **Net Operating Income** | **$54,631,264** | **$47,475,443** | **$45,123,181** | **$46,744,682** | **$55,284,125** |
| **Capital Items** | | | | | |
| Leasing Commissions | $3,292,552 | $0 | $0 | $0 | $1,707,823 |
| Tenant Improvements | 4,109,487 | 0 | 0 | 0 | 2,411,490 |
| Capital Expenditure / Reserve | 584,645 | 0 | 0 | 0 | 455,858 |
| **Total Capital Items** | **$7,986,684** | **$0** | **$0** | **$0** | **$4,575,172** |
| **Credit for Upfront DSCR Escrow** | $0 | $0 | $0 | $0 | $0 |
| **Net Cash Flow** | **$46,644,579** | **$47,475,443** | **$45,123,181** | **$46,744,682** | **$50,708,953** |

# Loan Summary

The collateral for the trust is a $300 million first-mortgage loan which is secured by a 1.25 million square foot Class A office building in New York City known as 101 Park Avenue. The loan is interest-only throughout the ten year loan term and interest accrues at a fixed rate of 3.5%. The purpose of the loan was to refinance and payoff existing debt in the amount of $151.2 million, to pay closing costs of $5.6 million, and to post an escrow of $3.0 million; as part of the transaction, the borrower was able to take a distribution equal to $140.2 million.

| Sources of Funds | | Uses of Funds | |
|---|---|---|---|
| First Mortgage | $300,000,000 | Repay Existing Debt | $151,200,000 |
| | | Closing Costs | 5,600,000 |
| | | Additional Trust Fund Expense Reserve | 3,000,000 |
| | | Equity Distribution | 140,200,000 |
| Total Sources | $300,000,000 | Total Uses | $300,000,000 |

*Note: figures are rounded to the nearest $100,000*

### *Borrower and Sponsor*

The borrower on the loan is 101 Park Avenue Associates II LLC which is a special purpose entity majority owned by Peter S. Kalikow who is also the sponsor. Mr. Kalikow is the president of H. J. Kalikow & Co., LLC which will also provide management services to the subject property. He represents the third generation of the Kalikow family to lead the firm, and has presided over the firm since 1973, during which time it has developed millions of square feet of commercial office space as well as a number of residential apartment houses. Mr. Kalikow is also the former Chairman of the Metropolitan Transportation Authority (MTA), former Commissioner of the Port Authority of New York & New Jersey, past owner and publisher of the New York Post, and current chairman of the Grand Central Partnership.

## Loan Structural Components

### *SPE and Bankruptcy Remoteness*

The borrower is required under the loan documents and its organizational documents to maintain itself as a special purpose entity generally limited in its activities to ownership and operation of the mortgaged property. The loan documents and borrower's organizational documents also include limitations on the borrower's ability to incur additional indebtedness and additional covenants regarding the borrower's separateness from other entities. The borrower is also required to have independent managers whose consent is required for certain bankruptcy matters. Although the loan documents and organizational documents require the borrower to comply with certain covenants relating to the borrower's separateness, and the borrower makes certain representations regarding its previous existence, the borrower existed prior to the origination of the loan. While pre-existing entities present a higher risk than newly formed single purpose entities, a nonconsolidation opinion relating to the borrower was provided. While single purpose entity borrowers are intended to lessen the possibility that a borrower's financial condition would be adversely impacted by factors unrelated to the mortgaged property and the mortgage loan, there is no assurance that such borrowers will not nonetheless become part of a bankruptcy proceeding.

### *Voluntary Prepayment/Defeasance*

Except in connection with a casualty or condemnation, the borrower is not permitted to voluntarily prepay the mortgage loan prior to September 1, 2022 (the lockout period) which is three months prior to the maturity date. However, 24 months after origination, the mortgage loan may be defeased; defeasance is a process whereby highly rated government securities replace the mortgage in a sufficient amount to continue the monthly payments. If the loan is partially or fully prepaid prior to the end of the lock-out period the borrower must pay a yield maintenance charge or prepayment premium equal to one percent of the amount being prepaid and the net present value of monthly payments that would have been incurred associated with the amount being prepaid.

### *Subordinated Debt*

There is no subordinated debt on the loan and no additional debt is allowed.

## Loan Features / Concerns

Based solely on a review of the documents enumerated herein, the following reflect highlights of certain material loan features and/or concerns.

### *No Non-Recourse Carveout Guarantor*

While most loans of this size and type provide for a non-borrower guarantor of non-recourse carveouts, this loan does not require any guarantor other than the borrower (a SPE). This eliminates the incentive of another party (typically with assets) to ensure such prohibited activities or inaction do not occur.

### *Cash Management*

The borrower is required to establish and maintain a clearing account, which account is to be an eligible account. Rents from the property are to be deposited directly by tenants into the clearing account. The borrower is to deposit and cause the deposit of all other revenue relating to the property into the clearing account. Prior to certain trigger events, funds in the clearing account are swept daily to the borrower's account and the mortgage loan reserves are not funded. Upon the occurrence of certain trigger events, funds in the clearing account are swept daily into the cash management account and reserves shall be funded. The cash management account is required to be an eligible account under the control of lender. Funds in the cash management account shall be disbursed pursuant to the waterfall in the loan documents. Pursuant to the cash management provisions in the loan documents, the lender does not have sole discretion regarding the application of funds post event of default. Instead, prior to lender accelerating the debt, funds must still be applied to certain items such as operating expenses which may not form part of a lender approved budget. In addition, (i) borrower may avoid certain trigger events by providing a deposit into the excess cash reserve and (ii) borrower may elect to make a one-time deposit into certain reserves in lieu of making monthly deposits. If the applicable trigger event is cured and a subsequent trigger event occurs, borrower is required to either resume making monthly deposits or make another one-time deposit. However, if borrower has elected to make a one-time deposit and the applicable trigger event is never cured, per information from the arranger posted on November 21, 2012, borrower is not required to make any further payments to the applicable reserve.

### *Cash Flow Sweep Period*

At the occurrence of an event of default or if the DSCR for any quarter (calculated based upon a trailing four quarter period) is less than 1.25x, then a cash flow sweep period shall be in effect until such time that the DSCR for two consecutive periods has exceeded 1.30x or the borrower makes a payment of $2,750,000 (the "DSCR Cash Sweep Cure Payment") to be held by lender as additional security for the loan.

### *Repurchase Obligation*

The mortgage loan seller may be required to repurchase the mortgage loan from the trust due to a material breach of a representation or warranty or a document defect. Alternatively, in this transaction the mortgage loan seller may indemnify the trust for losses directly related to such material breach or document defect. However, there is no assurance that the holder(s) of such repurchase obligation will have sufficient assets at such time to fulfill its obligation to repurchase the loan or provide such indemnity. In addition, such indemnity may not provide certificateholders with a remedy equivalent or comparable to such a repurchase.

### *Sponsor or Borrower Litigation*

The Loan Sponsor and the borrower have been defendants in past litigations. The Borrower and the Loan Sponsor are defendants in ongoing litigations (*e.g.*, slip and fall claims); however, the ongoing litigation of the loan sponsor is unrelated to the ownership and operation of the mortgaged property

### *Zoning*

While the building was constructed in accordance with zoning requirements at the time, it is now considered "Legal Noncomplying". In the event of any damage or destruction of 75% or more of the building's total floor area, it may only be reconstructed in accordance with the applicable district bulk regulations. In the event of any damage or destruction of less than 75% of the building's total floor area, the building may be reconstructed, provided that such reconstruction shall not create a new non-compliance nor increase the pre-existing degree of non-compliance with bulk regulations. As a mitigant to such issue, the loan documents require the borrower to maintain law and ordinance insurance coverage in order to mitigate certain losses caused by changes in building and zoning ordinances and codes.

# Reserve Accounts

The loan agreement does not require upfront on ongoing reserves for property taxes, insurance, capital replacement, tenant improvements, or leasing commissions; the borrower is required under the loan documents to pay any such expenditure and conduct any such repairs or upgrades. This risk is mitigated by the fact that the loan provides for DSCR of 4.38x based upon the Morningstar estimate of net cash flow. In the event that actual debt service falls below 2.25x of actual net cash flow for two consecutive periods, then the loan agreement provides for the funding of such reserves as described below.

### Real Estate Tax Escrows

The loan does not require for the deposit on a monthly basis reserve for future real estate taxes. In the event of a Low DSCR period (which commences when the debt service coverage of the property for the preceding two quarters, calculated based upon trailing four quarters, is less than 2.25x and ending on the date that the DSCR for the two preceding quarters is higher than 2.25x), then the borrower shall fund an amount equal to one-twelfth of the annual real estate taxes and assessments.

### Insurance Escrows

The loan does not require for the deposit on a monthly basis reserve for future insurance costs. In the event of a Low DSCR Period (as defined above), then the borrower shall fund an amount equal to one-twelfth of the annual premiums payable on the insurance policies that the borrower is required to maintain.

### Recurring Replacement Reserves

The loan requires that the borrower shall make ongoing repairs and upgrades to keep the property in good and working order and repair. In the event of a Low DSCR Period (as defined above), then the borrower is required to deposit funds $38,000 into this account each month until such time that the balance of the account reaches $1,365,000. In lieu of monthly payments, the borrower may make a one-time payment of $1,365,000 into the escrow account.

### Tenant Improvement and Leasing Commission Reserves

There is no upfront Tenant Improvement or Leasing Commission reserve; the loan agreement stipulates that the borrower is responsible to perform all required tenant improvements and pay all leasing commissions incurred. If a Low DSCR Period is triggered, then the borrower shall deposit $310,000 per month into a Leasing Reserve Account until such time that the account balance reaches $11,150,000. In lieu of monthly payments, the borrower may make a one-time payment of $11,150,000 into the escrow account.

### Additional Trust Fund Expense Reserve

At origination, the borrower funded $3.0 million with the lender into an escrow account which will be used to pay any cost, fee, expense, loss or liability of the Trust not otherwise to be paid by the borrower under the loan documents as well as any cost, fee, expense, loss or liability for which the Borrower is obligated to pay but which the lender, in its sole discretion, elects not to enforce. This reserve may not be used to pay the regular monthly fees due to the Servicer and Trustee or any costs or expenses which are to be borne by the Servicer, Special Servicer or the Trustee without reimbursement as an advance or otherwise (such as the ordinary overhead of any such party). Morningstar has given no credit to this escrow in our valuation analysis.

# Securitization Trust Summary

## Priority of Payments on Trust Certificates

The priority of payments on the Trust Certificates generally follows a sequential-pay structure. The following is a quick synopsis of this priority.

(1) Interest on the Class A and Class X Certificates, pro-rata.
(2) Unreimbursed Interest shortfalls on the Class A and Class X Certificates, pro-rata
(3) Principal paydown of the Class A Certificates until paid in full, up to the principal distribution amount.
(4) Unreimbursed realized loss amounts of the Class A Certificates until all realized losses are paid in full.
(5) Any remaining available distribution shall be paid to the Class R Certificates.

## Allocation of Losses on Trust Certificates

Realized Losses will be allocated to the Class A Certificates, in reduction of its certificate balance. Reductions in the certificate balance of the Class A certificates also results in a reduction in the notional amount of the Class X certificates. Any additional trust fund expenses that result in shortfalls in distributions will be borne *first*, by the Class A certificates to the extent of the principal distribution amount for the applicable distribution date and *then* by the Class A and Class X Certificates, *pro rata*, based on their respective Interest distribution amounts.

## Rated Final Distribution Date

The rated final distribution date of each class of certificates is the distribution date in December 2030. Morningstar's ratings on the certificates address the likelihood of the timely receipt by holders of all payments of interest to which they are entitled on each distribution date and the ultimate receipt by holders of all payments of principal to which they are entitled on or before the rated final distribution

## Trust Structural Features / Concerns

Based solely on a review of the documents enumerated herein, the following reflect highlights of certain material trust structural features and/or concerns.

### *Directing Certificateholder*

There is no concept of a directing certificateholder or controlling class for this transaction

### *Trust Advisor*

This transaction does not utilize the concept of a trust advisor which has been used in certain recent transactions to monitor the performance of the special servicer and provide certain oversight with respect to the special servicer. However, the master servicer and special servicer are required to perform servicing in accordance with the servicing standard.

### *Replacement of Special Servicer*

The special servicer can be terminated and replaced, with or without cause, at any time if (i) the holders of at least 25% of the Voting Rights of the Class A Certificates request a vote to replace the Special Servicer and (ii) the holders of at least 51% of the Voting Rights of the Class A Certificates vote to direct the Trustee to replace the Special Servicer.

### *Limited Rating Agency Confirmation/Notice*

Rating agency confirmation may not be required over certain material loan amendments, modifications, borrower requests and/or all material amendments to the trust and servicing agreement. In addition, notice of such items may be provided to the rating agency after such items are effectuated. Because the rating agency may obtain knowledge of these various items later, surveillance activities and any related rating adjustments may occur later than if rating agency confirmation and/or prior notice of such items was provided.

***Repurchase Obligation***

The mortgage loan seller may be required to repurchase the mortgage loan from the trust due to a material breach of a representation or warranty or a document defect. Alternatively, in this transaction the mortgage loan seller may indemnify the trust for losses directly related to such material breach or document defect. However, there is no assurance that the holder(s) of such repurchase obligation will have sufficient assets at such time to fulfill its obligation to repurchase the loan or provide such indemnity. In addition, such indemnity may not provide certificateholders with a remedy equivalent or comparable to such a repurchase.

***Conflicts of Interest***

There are and/or may be various conflicts of interest among and between various parties to the transaction. However, the special servicer and master servicer are required to service the asset without regard to such conflicts. Morningstar's analysis assumes the various parties comply with their duties.

***No Subordinate Class***

There is only one class of principal balance certificates and therefore, any losses or shortfalls will be borne by that class (Class A). No subordinate classes will provide any credit support to such certificates.

# Third Party Reports

## Appraisals

An appraisal report was prepared by CBRE, an independent third-party appraisal firm. The report is dated July 30, 2012 and as such is less than four months old.

## Property Condition

A property condition report was prepared by Property Solutions, Inc., an independent third-party engineer. The report was dated August 1, 2012 and as such is less than four months old. The PCA identified $149,636 of immediate repairs of which the largest cost item ($75,000) was the application of waterproof sealant to concrete tracks and curbs on the roof. The report recommended ongoing inflated reserves equivalent to $0.43 per square feet per year to provide sufficient funds to complete ongoing maintenance and repairs on the structure.

## Environmental

A Phase I environmental site assessment was prepared by Property Solutions Inc., an independent third-party environmental consultants. The report was dated August 2, 2012 and as such is less than four months old. Based upon the review, suspect asbestos-containing materials (SACM) may be present at the subject property. The engineer noted that these materials appear to be in the form of drywall and joint compound, vinyl sheet flooring, and ceiling tile. These materials were observed to be undamaged at the time of the inspection; however, the engineer recommended that prior to the performance of any renovations, remodeling, demolition, or repairs by the in-house maintenance or engineering staff or outside contractors, verification sampling of SACM in the proposed work areas should be performed to ensure that no ACM will be impacted by work activities. Any abatement or removal of asbestos-containing materials must be performed in accordance with applicable federal, state, and local regulations. The engineer recommends the implementation of an Operations & Maintenance (O&M) plan for the building to manage the SACMs which do not pose an imminent health risk. The report identified no other recognized environmental concerns.

# Scope of Analysis

In evaluating the properties and determining Morningstar cash flows and values, we reviewed the following materials to the extent we deemed necessary for our analysis and as provided on the arranger's website for this transaction as of November 21, 2012, the offering materials (as applicable), the historical financials (for the most recent three years unless the property did not have three years of operating history available), issuer's underwriting and supporting analysis and notes, most recent available rent rolls, Reis Reports (to the extent the property was within a covered market), appraisals, environmental site assessments, property condition assessments, and other market and property information as available. In certain cases, to the extent we deemed necessary for our analysis and as provided on the arranger's website for this transaction as of the date hereof, we also reviewed seismic reports, surveys, leasing brochures, photographs of the properties and maps of the surrounding areas. All of the third party reports were completed within 12 months of the securitization date.

Morningstar utilized external legal counsel to perform a legal review of certain items in the transaction relevant to Morningstar's ratings analysis. In this transaction, such counsel solely reviewed the following materials available on the arranger website as of November 21, 2012 (except as otherwise specified in this paragraph): (i) the November 21, 2012 posted draft offering circular, (ii) the November 21, 2012 posted draft trust and servicing agreement, (iii) the November 21, 2012 posted draft mortgage loan purchase and sale agreement, (iv) loan agreement dated as of November 2, 2012 and posted November 8, 2012, (v) mortgage and agreement of consolidation and modification of mortgage, assignment of leases and rents, and security agreement dated as of November 2, 2012 and posted November 9, 2012, (vi) consolidated, amended and restated promissory note dated November 2, 2012 and posted November 9, 2012, (vii) limited liability company agreement of 101 Park Avenue Associates II LLC dated as of September 20, 2012, (viii) opinion of Richards Layton & Finger, P.A. dated November 2, 2012 regarding nonconsolidation, (ix) opinion of Alter Mantel, LLP dated November 2, 2012 regarding enforceability and other matters and (x) opinions of Richards Layton & Finger, P.A. dated November 2, 2012 regarding authority to file bankruptcy and Delaware LLC matters.

In addition, legal counsel intends to review the following documents upon posting of such documents on the arranger website prior to issuance of the final ratings: (i) true sale opinion(s) for the sale of the loans from the seller(s) to the depositor and from the depositor to the securitization trust, (ii) corporate and enforceability opinions of the servicer, special servicer, trustee, certificate administrator, depositor and loan seller(s) and the general deal level opinion related to certain tax matters and (iii) versions of the documents enumerated in the preceding paragraph posted as of the date of issuance of final ratings. Unless enumerated on the prior list, no external legal counsel review was performed with respect to any documents. Therefore, leases, including ground leases and subleases, hedges and related documents, contribution and/or allocation agreements, management agreements, estoppels, title reports, insurance contracts, environmental assessments, guarantees, indemnities, liens or related searches, financial statements, rent rolls, surveys, financing statements, easement agreements, intercreditor or subordination agreements (except as expressly enumerated in the preceding paragraph), among others, were not reviewed by external legal counsel. As legal review of title policies was not performed, Morningstar has assumed such policies do not contain any judgments, tax liens, or other issues that would materially adversely affect any borrower, property owner, property or the mortgagee's lien and security interest in any collateral for any loan.

# Appendix A: Morningstar CMBS Subordination Model

*This Appendix provides a brief description of Morningstar's proprietary CMBS Subordination Model. A publication entitled, "Guide to the Morningstar CMBS Subordination Model", provides a more comprehensive overview of the model's framework as well as details of the model's main features. It can be found on Morningstar's website at http://ratingagency.morningstar.com, by going to the Ratings Report Section.*

**Overview**

Morningstar uses its CMBS Subordination Model to determine the required credit enhancement levels of both conduit and large-loan CMBS transactions. In addition to determining the initial enhancement levels, this model is an integral part of the on-going surveillance of such transactions. This approach allows Morningstar to maintain ratings consistency across CMBS transactions throughout their lives.

Morningstar's underwritten NCF and cap rate for each property, along with the corresponding loan characteristics, are subjected to defined sets of stresses in this CMBS model to arrive at the required credit enhancement levels at each rating category. Each set of stresses gauges the likelihood of each loan to default, as well as the loss severity given default, during the loan's term and at its balloon date.

Each set of stresses include:

- NCF declines during the term of the loan and at the balloon date that reflect worsening economic conditions,
- Cap rate increases that reflect deteriorating demand for CRE investments,
- Balloon loan constants to reflect more restrictive lending conditions when the existing loan needs to get re-financed,
- Time to default assumptions that limit the credit to loans which amortize,
- Loan liquidation time assumptions that impact the aggregate special servicer fees and accrued interest on P&I advances, and
- Interest rate assumptions on interest due the servicer for P&I advances.

These stresses are tiered by rating category with the most onerous commensurate with the highest rating category to reflect extremely stressed economic, CRE market and lending environments. The stresses associated with the lowest rating category, while substantially less dramatic than that at the highest rating level, still reflect declines. The model therefore fully discounts historically-observed positive performances. Many of these stresses also differ across property types.

The model also quantitatively accounts for portfolio-level concentration risks (loan size, property type and geography) by applying additional NCF stresses on those loans that contribute to each such risk.

**Term Default Analysis**

The model determines the likelihood of a term default for each loan by:

1. First subjecting Morningstar's underwritten NCF for the loan to an NCF haircut that simulates the potential decline in net effective rent over the term of the loan. The magnitude of this decline represents the maximum decline in NCF on the property during the term of the loan.
2. The Morningstar underwritten NCF is then further reduced by a series of additional NCF haircuts to address portfolio concentration risk concerns (loan size, property type and geography).
3. The resultant stressed NCF and the terms of the loan are then used to determine the loan's stressed DSCR.
4. The loan's probability of default during the term of the loan is then derived by translating this "low-point" DSCR into a probability of default ("PD") based on a Morningstar empirical study of the correlation between DSCR and PD.

The loss severity of the loan given a default event is then determined by looking at its two components -- lost principal and special servicer costs.

Lost principal is calculated as the difference between the outstanding loan balance at the time of default and the stressed property value. The model computes the loan balance based on empirically-based time-to-default assumptions and the terms of the loan. The stressed property value is arrived at using the stressed NCF and a ratings adjusted cap rate.

Special servicer costs include the fees earned by the special servicer while the loan is specially-serviced, interest on any P&I advances that the servicer makes, and the liquidation fees due the special servicer for selling the foreclosed property. The special servicer fee is dependent upon the period of time the loan is specially serviced. The model uses assumptions of this time period tiered by rating category.

**Balloon Default**

The overwhelming majority of loans backing CMBS deals to date do not fully amortize by the loan's maturity date. As such, most loans have a balloon balance that is due upon maturity. Borrowers are required to secure take-out financing for the remaining principal balance by this date. Failure to do so triggers a default event and the loan becomes specially-serviced. Balloon default is therefore a binary event.

The model tests the ability of each loan to be refinanced at its balloon date by comparing the loan's refinance DSCR and LTV ratios to assumed take-out financing threshold requirements. Morningstar stresses the underwritten NCF and cap rate, and then applies a stressed refinance loan constant to arrive at the loan's refinance DSCR and LTV ratios. If these DSCR and LTV metrics pass this test, the loan is taken out in whole (PD equals zero and there is no loss).

If either test is not met, the model assumes that the loan becomes specially serviced and the special servicer takes one of two actions. If the existing loan's DSCR[1] is greater than an assumed special servicer loan extension threshold, the model assumes that the special servicer extends the loan. Otherwise the model assumes the special servicer will initiate foreclosure proceedings and the property is eventually sold. An assumed timeframe, tiered by rating category, from the balloon date to the date of liquidation is used for calculating the special servicer fees incurred. The model also calculates any needed P&I advances and the liquidation fee. The liquidation price is the stressed value calculated for the property commensurate with the rating category.

In the loan extension scenario, the model typically assumes some limited growth in NCF generated by the property, better loan conditions and an improved CRE market as manifested in a lower refinance loan constant and cap rate during the extension period. At the conclusion of the extension period, the model again tests whether or not the loan gets refinanced. The improved DSCR and LTV ratios are once again compared to the assumed take-out financing threshold requirements. If both tests are passed, the loan is taken out in whole. There is no principal loss but losses are incurred in the form of special servicer costs (special servicer fee, interest on P&I advances and workout fee).

If the loan is still not able to be refinanced, the model assumes the special servicer initiates foreclosure proceedings and the property is eventually sold. Losses in this scenario include a likely principal loss along with special servicer costs (interest on P&I advances, special servicer fee, and liquidation fee).

[1] Note that the existing loan DSCR differs from the loan's refinance DSCR. The latter is calculated at an assumed stressed loan constant and the former is based on the actual terms of the existing loan.

# Appendix B: Morningstar Rating Surveillance

Morningstar has historically performed and continues to perform ongoing monthly surveillance on publically-issued and outstanding US CMBS transactions on a subscription basis for investors. As a result of such, Morningstar publishes to its subscriber base a monthly credit analysis report for each CMBS trust entitled the "Morningstar Dealview", outlining the most recent performance trends for each.

Morningstar's analysis is best described as a bottom-up approach. At its core, it is driven by the performance of the underlying commercial real estate loan collateral. Analysts first evaluate, using qualitative and quantitative analysis, the credit risk characteristics of the collateral pool backing any given securitization trust. The credit protections are then evaluated as part of Morningstar's opinion of the risk profile of any given security. Morningstar applies a surveillance model described at http://ratingagency.morningstar.com, to produce suggested credit ratings and rating outlooks for each class of a given CMBS transaction.

Any surveillance activities described herein are conditioned on Morningstar's receipt of certain information to enable Morningstar to perform surveillance. The degree of surveillance performed depends largely on the scope of review performed by Morningstar and enumerated in the related surveillance report and the availability of information. The degree and scope of review and information considered is generally enumerated in the Morningstar surveillance report for the respective transaction and should be considered when evaluating and comparing ratings.

Any surveillance performed by Morningstar is available solely to Morningstar subscribers on a subscription basis under Morningstar's policies and procedures. Therefore, if recipient is not a subscriber, recipient will not have access to or receive any ratings information following Morningstar's issuance of a rating, including any information related to changes to the ratings post issuance.

For further information and a description of Morningstar's surveillance activities, please see http://ratingagency.morningstar.com, including "Morningstar CMBS Surveillance Rating Opinions: Procedures and Methodologies".

# Appendix C: Morningstar Rating Characteristics

The preliminary ratings provided in this report address the likelihood of the timely receipt of distributions of interest by certificateholders to which they are entitled and, the ultimate distribution of principal by the Rated Final Distribution Date.

The preliminary ratings are based solely on the scope of review enumerated in this report and the information related thereto provided to Morningstar through the arranger website as of the date hereof or as expressly enumerated herein which we believe to be reliable. Unless otherwise in accordance with Morningstar's policies and procedures, Morningstar does not audit or verify the truth or accuracy of any such information.

These preliminary ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by Morningstar. In addition, these ratings do not address: (a) the likelihood, timing, or frequency of prepayments (both voluntary and involuntary) and its impact on interest payments or the degree to which such prepayments might differ from those originally anticipated, (b) the possibility that a certificateholder might suffer a lower than anticipated yield, (c) the likelihood of receipt of yield or spread maintenance charges, prepayment charges, yield or spread maintenance premiums or penalties, yield maintenance default premiums, yield maintenance non-default premiums, prepayment premiums, spread maintenance payments, prepayment fees or penalties, assumption fees, modification fees, penalty charges, default interest or post-anticipated repayment date additional interest, (d) the likelihood of experiencing prepayment interest shortfalls, an assessment of whether or to what extent the interest payable on any class of rated certificates may be reduced in connection with any prepayment interest shortfalls, or of receiving compensating interest payments, (e) the tax treatment of the certificates or effect of taxes on the payments received, (f) the likelihood or willingness of the parties to the respective documents to meet their contractual obligations or the likelihood or willingness of any party or court to enforce or hold enforceable, the documents in whole or in part, (g) an assessment of the yield to maturity that investors may experience, (h) the likelihood, timing or receipt of any payments of interest to the holders of the rated certificates resulting from an increase in the interest rate on any underlying mortgage loan in connection with a mortgage loan modification, waiver or amendment, (i) excess interest or additional interest amounts or any remaining or excess funds or (j) other non-credit risks, including, without limitation, market risks or liquidity.

Morningstar's preliminary ratings take into consideration certain credit risks, and the extent to which the payment stream of the mortgage loan is adequate to make payments required under the offered certificates based on information identified as subject to review herein and to the extent provided to Morningstar on arranger's website for the transaction as of the date hereof. However, as noted above, the ratings do not represent an assessment of the likelihood, timing or frequency of principal prepayments (both voluntary and involuntary) by the borrowers, or the degree to which such prepayments might differ from those originally anticipated. In general, the ratings address credit risk and not prepayment risk. In addition, the ratings do not represent an assessment of the yield to maturity that investors may experience or the possibility that the certificateholders of the Certificates might not fully recover their initial investment in the event of delinquencies or defaults or rapid prepayments on the mortgage loan (including both voluntary and involuntary prepayments) or the application of any realized losses. In the event that holders of such certificates do not fully recover their investment as a result of rapid principal prepayments on the mortgage loan, all amounts "due" to such holders will nevertheless have been paid, and such result is consistent with the ratings assigned to such certificates.

As indicated herein, the Class X certificates consist only of interest. If the mortgage loan were to prepay in the initial month, with the result that the holders of the Class X certificates receive only a single month's interest and therefore, suffer a nearly complete loss of their investment, all amounts "due" to such holders will nevertheless have been paid, and such result is consistent with the ratings received on the Class X certificates. The notional amount(s) of the Class X certificates on which interest is calculated may be reduced by the allocation of realized losses and prepayments, whether voluntary or involuntary. The ratings do not address the timing or magnitude of reductions of such notional amounts, but only the obligation to pay interest timely on the notional amounts as so reduced from time to time. Therefore, the ratings of the Class X certificates should be evaluated independently from similar ratings on other types of securities.

While Morningstar may issue ratings solely on asset backed securities, Morningstar does not (i) issue short-term ratings, or (ii) rate, assess or review corporate entities, credit support providers, seller(s), guarantors, servicers, trustees, certain accounts or investments, insurers, liquidity providers, hedge providers or other similar entities or items, unless consideration of a review and/or assessment is otherwise enumerated in Morningstar's pre-sale report and/or surveillance reports related to the transaction. Therefore, Morningstar's ratings and analysis do not take into consideration such characteristics of the transaction referenced in clauses (i) and (ii) of the preceding sentence unless consideration of a review and/or assessment is otherwise enumerated in Morningstar's pre-sale report and/or surveillance reports related to the transaction. In addition, Morningstar's ratings and analysis do not take into consideration any potential or actual risk of repudiation, receivership or other ramifications related to FDIC administration and/or enforcement of FDIC rights and remedies with respect to any entity involved in the transaction including a bank or subsidiary of a bank. In addition, Morningstar's ratings do not take into consideration an assessment of the arranger(s), originator(s) and/or prior holder(s) of the loan(s) included in the respective transaction. Additionally, for the avoidance of doubt, Morningstar does not rate

obligors, managers or issuers. Further, the ratings do not assess whether any exchange of certificates may occur or any delays or disruptions in payment due to such exchange or method of holding certificates.

As the ratings herein are preliminary ratings, such ratings may be subject to change during surveillance. As provided herein, surveillance analysis and ratings are solely provided to Morningstar subscribers on a subscription basis.

In conjunction with evaluating any Morningstar ratings, please also see "Morningstar Definitions and Descriptions of CMBS (i) Letter-Grade Credit Ratings, (ii) Rating Outlooks and (iii) Surveillance" at http://ratingagency.morningstar.com.

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