

Commercial Operational Risk Assessments

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Morningstar's operational risk assessment establishes a new standard for market participants who want to demonstrate a commitment to quality service and their ability to meet or exceed mission critical performance objectives. Our operational risk assessment provides institutional investors with an independent, objective, and thorough analysis of the operational risks and capabilities of commercial mortgage servicers, trust advisors, loan originators, due diligence contractors and third party service providers who play a key role in many types of financial transactions (transaction participants) including:

- ▶ Commercial Mortgage Primary, Master and Special Servicers
- ▶ Small Balance Commercial Mortgage Servicers and Special Servicers
- ▶ Business-Based Commercial Loan Servicers
- ▶ Construction Loan Servicers and Special Servicers
- ▶ CMBS Trust Advisors
- ▶ Due Diligence Firms
- ▶ Commercial Loan Originators

Comprehensive Performance Assessment

Our analysis focuses on non-credit related operational risks, and the effectiveness of the transaction participant's protocols to mitigate operational risk and adhere to best practices. Our assessment consists of an in-depth analysis of the transaction participant's controls and operating efficiency with attention to management depth, organizational structure, policies and procedures, and all mission critical functions expected to be performed by the transaction participant.

The assessment is based on an examination of essential functions, such as:

- ▶ Audit and Internal Controls
- ▶ Loan & Asset Administration
- ▶ Cash Management
- ▶ Investor Accounting
- ▶ Borrower and Servicing Agreement Compliance
- ▶ Investor Reporting
- ▶ Technology
- ▶ Historical Portfolio Management Performance
- ▶ Loan and Asset Recovery Results
- ▶ Third-Party Oversight and Reporting Practices
- ▶ Managing Conflicts of Interest
(including control practices, fees paid to affiliates and comparative asset recovery results)

Investor Focused Analysis

Morningstar's operational risk assessment is conducted from an "investor" perspective by taking a close look at what impact the transaction participant's performance may have on its investors and overall transaction success.

Experience You Can Trust

Our team of experienced operational risk professionals has a deep level of expertise providing assessments for a broad range of transaction participants covering the spectrum of commercial operation types.

Transparent, Comprehensive, and Timely

Morningstar makes its operational risk analyses available and transparent to all investors. Investors have access to the operational risk assessment report and related ranking for each participant that Morningstar has analyzed. The assessment report provides an in-depth look at Morningstar's opinion of the risk profile of the transaction participant, combined with detailed performance metrics and analytics, all delivered in a consistent format that investors can use as an independent research tool. Morningstar conducts timely follow-up assessments and review of the rankings to ensure that investors have access to relevant information at all times.

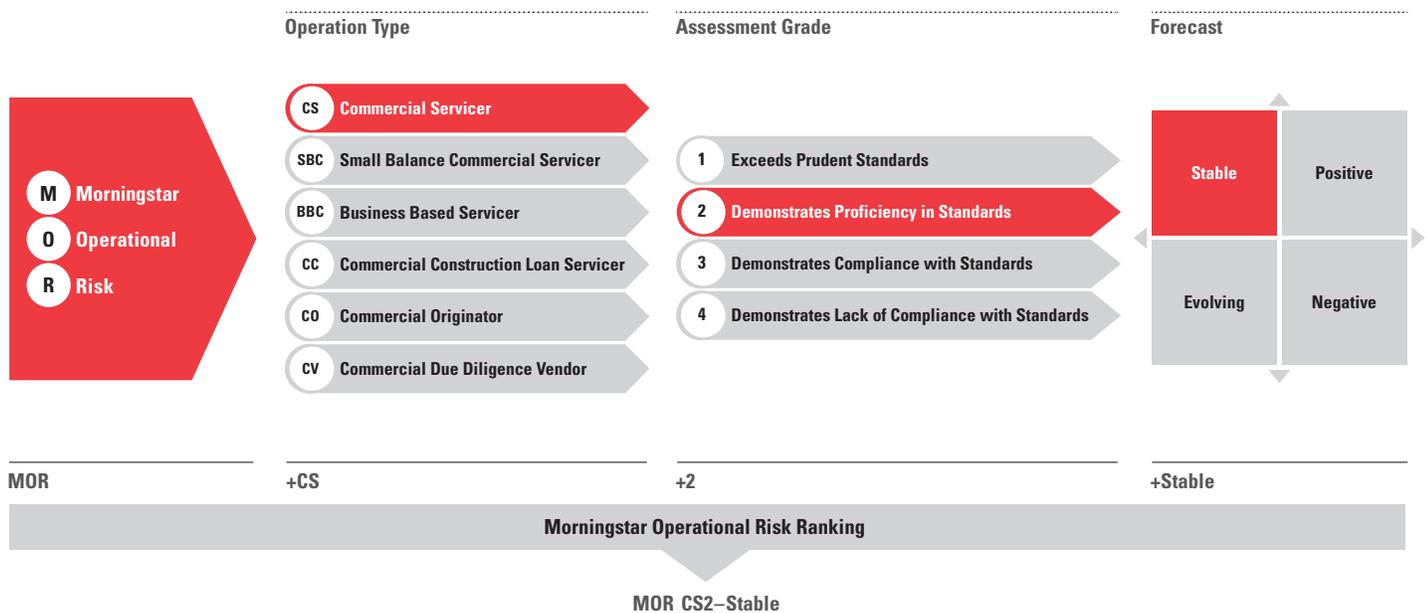
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Operational Risk Ranking

Our operational risk ranking, while derived through a comprehensive analysis, is designed to be straight-forward for investors and signifies the ability of a transaction participant to meet or exceed prudent operational standards as established by Morningstar's assessment methodology. Each assessment includes both a point in time ranking plus a ranking forecast based on our view of the transaction participant's likelihood of maintaining current performance levels given its operational status and ongoing market conditions.

Morningstar Credit Ratings, LLC ("Morningstar") is a Nationally Recognized Statistical Ratings Organization (NRSRO) that has earned a reputation for innovation and excellence in the structured finance market. Our goal is to help institutional investors identify credit risk in structured finance investments. Our analytical approach stresses transparency of the ratings process, strong fundamental credit analysis, and comprehensive investor-focused reporting. With Morningstar, structured finance investors have access to high quality ratings, investment research, surveillance services, data, and technology solutions.

Morningstar Operational Risk MOR CS2–Stable



Any assessment performed by the Operational Risk Assessment Group is only an opinion regarding a participant, which may be (i) made available on Morningstar's website at ratingagency.morningstar.com in the form of a report and related ranking and (ii) based on certain factors, information and subject to various qualifications, caveats and considerations enumerated with respect thereto at the "Morningstar Analysis and Considerations" link at ratingagency.morningstar.com and/or in the publication of the assessment. Any assessments, rankings, forecasts, or changes thereto, are not NRSRO credit ratings within the meaning of Section 3 of the Securities Exchange Act of 1934 ("Exchange Act") or credit ratings subject to the Exchange Act requirements and regulations promulgated there under with respect to NRSROs.

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