

A Look at a Real CMBS Issue

An Example:

LEHMAN BROTHERS Commercial Mortgage Trust , Series 1998-C4

- All loans were originated prior to November 17, 1998. The CMBS was priced on November 17, 1998 and closed on November 24, 1998. Since then, each tranche of this deal has traded separately. The pool is exemplary because of its size, mix of loans, concentration of low LTV loans, a low weighted average debt service coverage ratio (DSCR), and good credit history. But remember that each CMBS pool is unique, depending on its collateral and tranche structure.

An Example:
LEHMAN BROTHERS Commercial Mortgage Trust ,
Series 1998-C4 (cont'd)

- The originator of this CMBS pool is Lehman Brothers. They assembled the loans and constructed the pool, as well as designed the legal structure. They also marketed it for a fee. The issuer is Structured Assets Securities Corporation, a special purpose bankruptcy remote company whose sole assets are the loans. The master servicer, which is the issuer's outsourced management, for this pool is First Union National Bank. They are in charge of servicing the loans and tranches, and making sure that there are no problems with the loans. They collect the loan payments, keep the books, send disbursement checks to the tranche owners, file reports, etc. There is also a special servicer for this pool, with contractual rights and duties to deal with defaults, foreclosures, and special situations. These servicers work for fees, which are paid from the issuing entity's revenues.

LEHMAN BROTHERS Commercial Mortgage Trust , Series 1998-C4 - Geography

Geographic Location	Number of Loans	Scheduled Balance	Based on Balance
California	22	\$ 385,544,509	20.15%
Other	2	\$ 283,218,211	14.80%
New York	30	\$ 162,789,424	8.51%
Florida	30	\$ 158,906,976	8.30%
Texas	30	\$ 95,819,792	5.01%
Illinois	17	\$ 76,199,735	3.98%
Pennsylvania	9	\$ 70,484,781	3.68%
Indiana	8	\$ 64,671,550	3.38%
Virginia	15	\$ 63,697,794	3.33%
Arizona	14	\$ 63,440,752	3.32%
Alabama	4	\$ 58,088,633	3.04%
Georgia	12	\$ 56,106,336	2.93%
North Carolina	15	\$ 49,821,463	2.60%
Tennessee	7	\$ 46,953,909	2.45%
Washington	7	\$ 44,297,199	2.32%
Connecticut	7	\$ 30,053,568	1.57%
Nevada	3	\$ 25,102,254	1.31%
Ohio	6	\$ 21,238,710	1.11%
Colorado	6	\$ 19,719,666	1.03%
Maryland	5	\$ 17,637,089	0.92%
Oklahoma	2	\$ 17,459,305	0.91%
Michigan	3	\$ 16,690,648	0.87%
New Jersey	5	\$ 12,580,616	0.66%
Massachusetts	4	\$ 10,706,285	0.56%
Missouri	3	\$ 9,543,099	0.50%
Oregon	2	\$ 8,909,206	0.47%
Wisconsin	2	\$ 8,451,240	0.44%
South Carolina	3	\$ 5,568,376	0.29%
Puerto Rico	1	\$ 5,337,249	0.28%
Rhode Island	2	\$ 5,023,041	0.26%
Other	8	\$ 19,416,712	1.01%
Total	284	\$ 1,913,478,128	100.00%

LEHMAN BROTHERS Commercial Mortgage Trust , Series 1998-C4 – Property Types

Industry	Number of Loans	Percent of Pool based on Balance
Retail	134	44.25%
Multi-family	63	17.84%
Lodging	16	17.43%
Office	45	15.31%
Industrial	16	3.31%
Self Storage	5	0.75%
Health Care	1	0.70%
Mobile Home	3	0.25%
Other	1	0.16%
Total	284	100.00%

LEHMAN BROTHERS Commercial Mortgage Trust , Series 1998-C4 – LTVs and Interest Coverage

Loan-To-Value for conduit portion		Loan-To-Value for large loans	
LTV	% based on loan balance	Loan	% based on loan balance
Less than 80%	7.70%	Omni Hotels	63%
80-90%	28.40%	Ontario Mills	69%
90-100%	46.80%	Arden Portfolio	64%
100-110%	14.50%	Fresno Fashion Fair	71%
Greater than 110%	2.60%	Bayside Market Place	74%
Total	100.00%		
Weighted Average LTV (conduit)			92%

LEHMAN BROTHERS Commercial Mortgage Trust , Series 1998-C4 – Debt Service Coverage Ratio

Debt Service Coverage Ratio			
DSCR	Count	Scheduled Balance	% Based on Balance
0.500 or less	2	\$ 2,990,992	0.16%
0.500-0.625	0	\$ -	0.00%
0.625-0.750	4	\$ 11,925,822	0.62%
0.750-0.875	4	\$ 9,015,746	0.47%
0.875-1.000	13	\$ 39,176,623	2.05%
1.000-1.125	22	\$ 77,333,241	4.04%
1.125-1.125	19	\$ 138,861,946	7.26%
1.125-1.375	21	\$ 108,888,491	5.69%
1.375-1.500	32	\$ 149,414,064	7.81%
1.500-1.625	33	\$ 154,995,947	8.10%
1.625-1.750	34	\$ 150,877,182	7.88%
1.750-1.875	27	\$ 351,487,256	18.37%
1.875-2.000	23	\$ 240,556,394	12.57%
2.000-2.125	15	\$ 45,497,941	2.38%
2.125 & above	34	\$ 429,453,774	22.44%
Unknown	1	\$ 3,002,710	0.16%
Total	284	\$ 1,913,478,129	100%
<i>Weighted Average of DSCR: 1.88</i>			

LEHMAN BROTHERS Commercial Mortgage Trust , Series 1998-C4 – Payments in Default

Delinquency Status	
Status	Count
Current	277
30 Days	2
60 Days	0
90 Days	1
Foreclosure/Bankruptcy	1
REO (Real estate owned)	1
Special Servicer	4

LEHMAN BROTHERS Commercial Mortgage Trust , Series 1998-C4 – Tranches

Class	Opening Balance (000,000's)	Current Balance (000,000's)	Moody's Rating	S&P Rating	Coupon	Date of Maturity	Avg. Life (years)	Original Spread
A-1A	275.0	198.7	Aaa	AAA	5.87	08/15/06	1.72	5 yr Treas+125
A-1B	693.6	693.6	Aaa	AAA	6.21	10/15/08	5.20	Treas Curve+135
A-2	500.0	466.7	Aaa	AAA	6.30	10/15/08	4.39	Treas Curve
B	106.3	106.3	Aa2	AA	6.36	10/15/08	5.80	10 yr Treas+160
C	106.3	106.3	A2	A	6.50	11/15/08	5.50	10 yr Treas+180
D	121.5	121.5	Baa2	BBB	6.50	12/15/08	5.59	10 yr Treas+250
E	30.4	30.4	Baa3	BBB-	6.50	12/15/08	5.65	10 yr Treas+350
F	50.6	50.6	Ba1	BB+	6.00	12/15/08	5.65	
G	45.6	45.6	Ba2	NR	5.60	04/15/13	7.38	
H	15.2	15.2	Ba3	NR	5.60	08/15/13	10.25	
J	20.3	20.3	B1	NR	5.60	08/15/14	10.52	
K	10.1	10.1	B2	NR	5.60	03/15/16	12.14	
L	15.2	15.2	Caa1	NR	5.60	10/15/17	13.59	
M	10.1	10.1	Caa3	NR	5.60	06/15/18	14.94	
N	25.3	25.3	NR	NR	5.60	09/15/23	15.68	
X (IO)			Aaa	AAA	0.77	09/15/23	NA	
Total / Weight Avg	2,025.6	1,916.0			6.18		5.18	

Informational Programs

- Services such as Realpoint, Trepp, and Intex track all existing CMBS deals.
 - The benefit of these companies is in marketing deals and trading, allowing one to track information for every CMBS issue, including information on DSCR, pricing, LTV, loans in default, tranche size and rating, individual loan and property information, loans to watch, strengths and weaknesses, etc.
 - The sources also provide pricing models for each tranche in order to facilitate trading.