

II. Loan Production



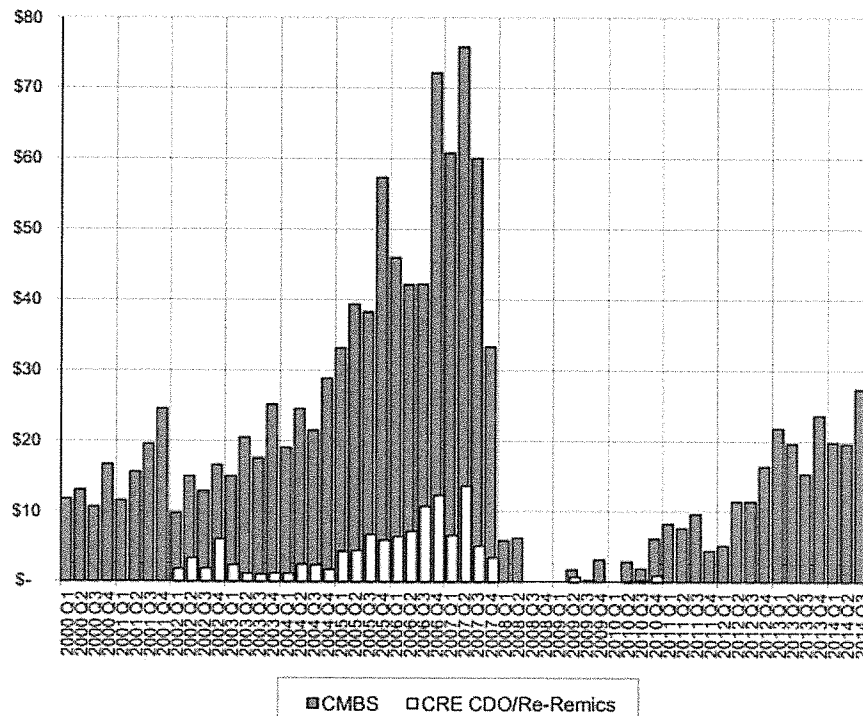
LOAN PRODUCTION

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<i>Life Cos</i>	\$61 B	\$60 B	\$50 B
<i>CMBS</i>	\$94 B	\$80 B	\$37 B
<i>Agencies, GSE</i>	\$71 B	\$66 B	\$78 B
<i>Total</i>	\$226 B	\$206 B	\$165 B

CMBS vs. Life Co. Production

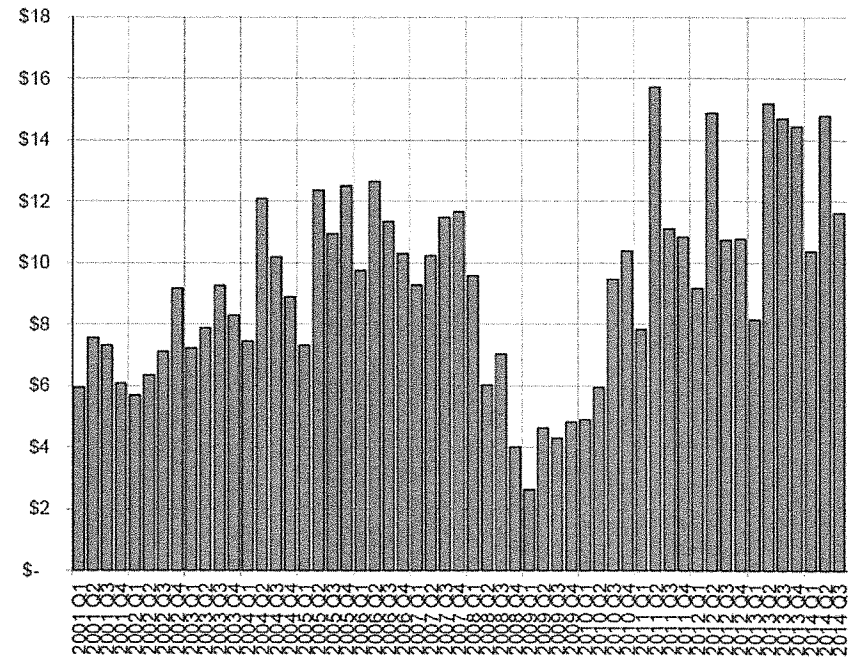
**QUARTERLY ISSUANCE OF
COMMERCIAL MORTGAGE BACKED SECURITIES (CMBS) and
COMMERCIAL REAL ESTATE COLLATERALIZED DEBT OBLIGATIONS (CDOs)**

Billions of Dollars



**QUARTERLY COMMERCIAL MORTGAGE COMMITMENTS
BY LIFE INSURANCE COMPANIES**

Billions of Dollars

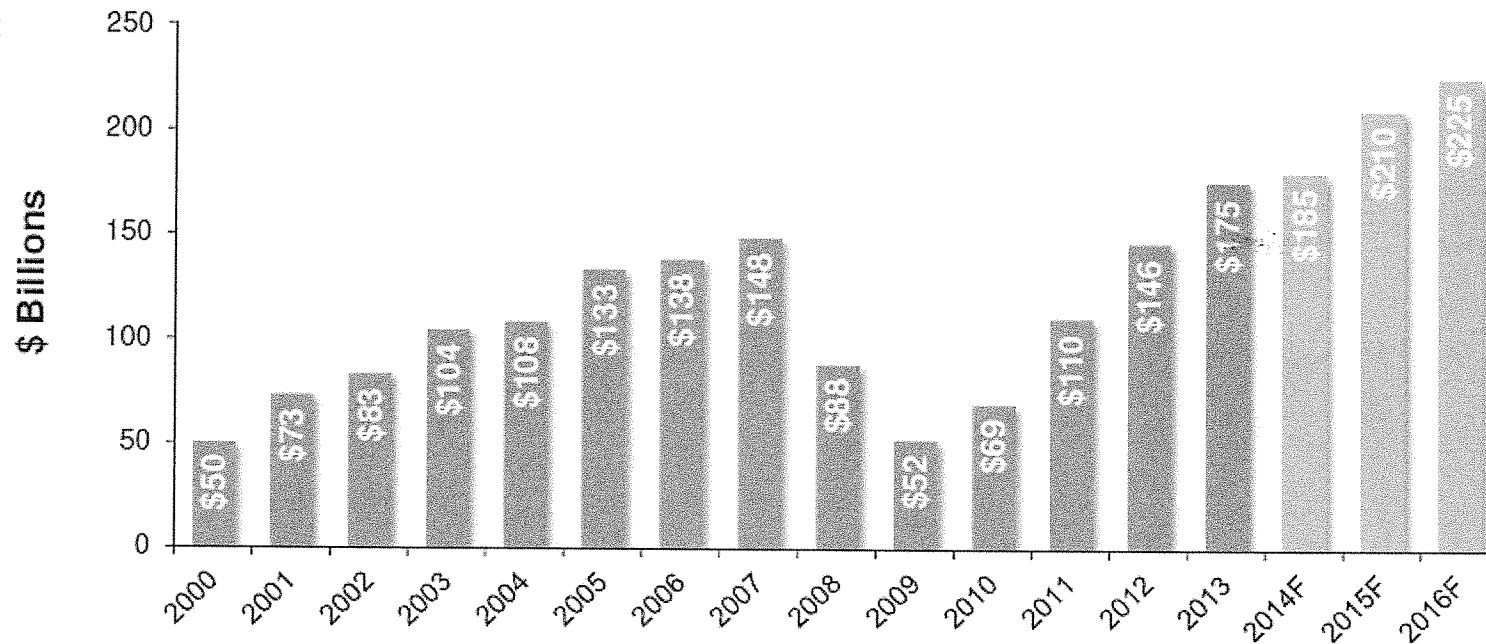


Source: American Council of Life Insurance Companies (ACLI)

a. Annual figures may not equal the sum of quarterly figures due to change in reporting.

CMBS vs. Life Co. Production

Multifamily Mortgage Originations

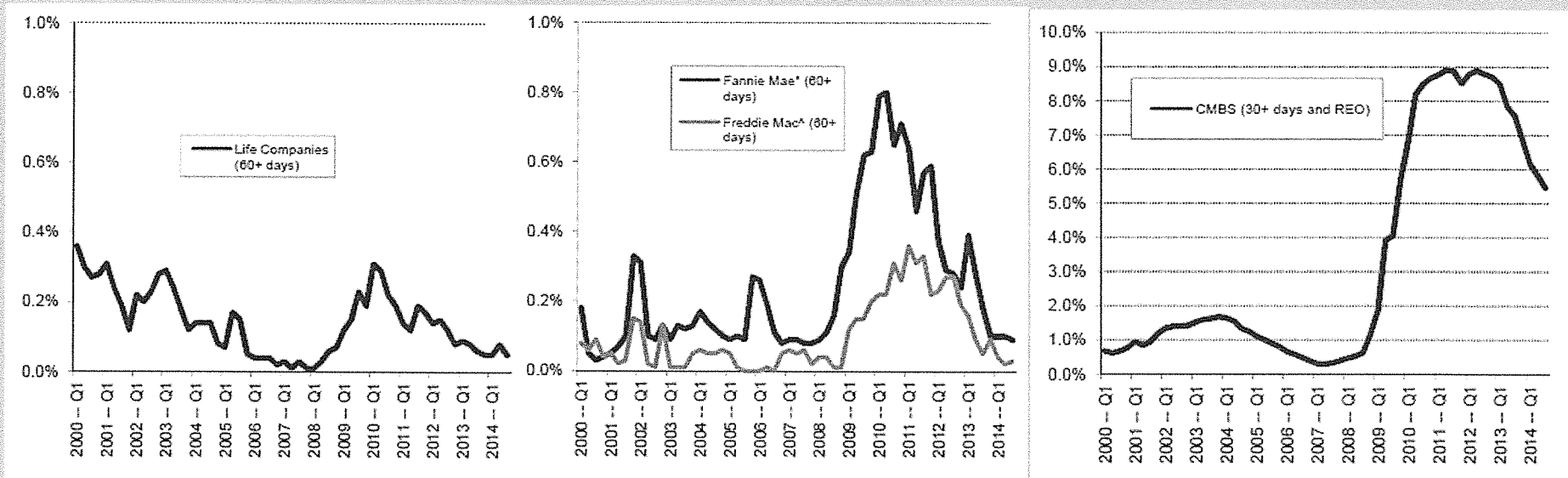


Sources: FFIEC (HMDA), OTS Thrift Financial Report, ACLI Investment Bulletin, MBA Commercial Mortgage Banker Origination Survey, and Freddie Mac.

Loan Delinquencies

CHART 2. COMMERCIAL/MULTIFAMILY MORTGAGE DELINQUENCY RATES AMONG MAJOR INVESTOR GROUPS, 2000 - PRESENT

Selected delinquency rates at the end of the period



Sources: Wells Fargo Securities, LLC and Intex Solutions, Inc., American Council of Life Insurers, Fannie Mae, Freddie Mac, OFHEO and Federal Deposit Insurance Corporation

LIFE COMPANY UNDERWRITING CRITERIA

- ALL MAJOR PROPERTY TYPES
 - APTS, OFFICE, RETAIL, INDUSTRIAL
- LOAN TO VALUE PREFERENCE 50% - 70% (higher on Multi-family)
- DCR NOT LESS THAN 1.30X – (lower on Multi-family)
- INCREASED UNDERWRITING ON SPONSORSHIP
- CONTRACT RENTS MARKED TO MARKET
- LOW TOLERANCE FOR:
 - *SINGLE TENANT BUILDINGS*
 - *EXCESSIVE TENANT ROLLOVER*
 - *SECONDARY MARKETS*
 - *SECONDARY LOCATIONS*
 - *INFERIOR IMPROVEMENTS*
- 25-YR. AMORT. EXCEPT ON THE LOWEST LTV LOANS
- 10-YR. PREFERRED TERM
- INTEREST ONLY ON LOW LTV LOANS

CMBS UNDERWRITING CRITERIA

- ALL MAJOR PROPERTY TYPES
 - APTS, OFFICE, RETAIL, INDUSTRIAL, HOTEL
- LOAN TO VALUE UP TO 75%
 - Up to 85% with Mezz Financing
- DCR NOT LESS THAN 1.20X
- DEBT YIELDS STRESSED BY PROPERTY TYPES
- INCREASED UNDERWRITING ON SPONSORSHIP
- LOW TOLERANCE FOR:
 - SINGLE TENANT BUILDINGS
 - EXCESS TENANT ROLLOVER
- 30-YR. AMORT. WITH INTEREST ONLY FEATURES
- 10-YR. PREFERRED TERM

Agency, GSE UNDERWRITING CRITERIA

- PROPERTY TYPES: APARTMENTS ONLY (MIN. 5 UNITS)
- LOAN TO VALUE 75%-80%
- CASH OUT LIMITED TO 75%
- DCR NOT LESS THAN 1.25X
- UNDERWRITTEN ON T-12 STATEMENTS
- 85%-90% MIN. OCCUPANCY
- 30-YR. AMORT. WITH INTEREST ONLY FEATURES
- 10-YR. PREFERRED TERM
- INTEREST ONLY ON LOW LTV LOANS