

**NAIC/SVO
Credit Tenant Loan Evaluation Form for
Credit Lease Based CTL**

**Submit this form and first page of Loan Document to S&P CUSIP for PPN numbers.
Submit this form and the required documents to SVO with SAR or ARS submission.**

Applicant (Must be an insurance company lender): _____

Issue Description: _____

Issuer: _____

Name of Lessee: _____

Lessee's Senior Unsecured Debt Rating (If available): _____

Rating Source: _____

Name of Guarantor (If applicable): _____

Guarantor's Senior Unsecured Rating (If Available): _____

Rating Source: _____

Contact Person: _____

(Print name and Title of Officer who may be called to discuss this transaction.)

Phone Number: _____

The Undersigned understands and intends that the SVO will rely on the information contained in this form and the attachments to assign, publish and disseminate an NAIC Designation which will be used by NAIC members to make regulatory decisions.

Applicant: _____

(Name of Insurance Company Lender)

By: _____

(Signature of Contact Person)

Date: _____

Instructions: Your responses to these questions should focus on disclosing aspects of the transaction which would tend to deprive the insurance company lender of the benefit of the assigned rental payments.

1. General. In order to induce SVO to evaluate the transaction, the Applicant represents and warrants as follows:

- The attached Lease is a Credit Lease as defined in the *Purposes and Procedures of the Securities Valuation Office, Part Four, Section 1 (iii) (A)* except as described and explained below.
- The attached Mortgage, Deed of Trust or similar document is valid and binding and creates a first lien on the real property described therein in favor of the Lender/Trustee.
- The attached Assignment of Rents is valid and binding, is irrevocable and creates a first lien on the Credit Lease and the Lease payments thereunder in favor of the Lender/Trustee. The Lender/Trustee is directly collecting such rents.
- Repayments of the Note(s) will be made in such a manner that each and every debt payment, including balloon payment(s), under the Note(s) corresponds to a payment under the Credit Lease that is either equal to or greater than the note payment.
- Repayment of the Note(s) is tied to the rental payments of the Lessee which leases 100% of the real property that secures payments of the Note(s).
- The Lessee is responsible of each and every obligation related to the leased premises including, but not limited to, the payment of all taxes and utilities, the performance of all maintenance, environmental and ground lease obligations (if any) related to the leased premises, except for Landlord obligations which are defined and explained below.
- The Lessee has accepted the leased premises as evidenced by an Estoppel Certificate.
- The initial Lease term will not expire more than 6 months before the term of the Note. The principal balance remaining unpaid at the end of the lease term is 5% of the original loan amount or less.
- The Lessee has no right to abate or offset rent or terminate the Credit Lease except as set out and explained below.
- The Lessee must continue to have unconditional liability to the Lender/Trustee during the term of any sub-tenancy or assignment.
- The Credit Lease or relevant documents prohibit merger of estates.
- The Credit Lease may not be amended or modified without Lender's consent.

- There is in place casualty insurance for full replacement value from an insurer having a claims paying ability rating at least equivalent to **NAIC 2** or if the lessee shall be rated at least the equivalent of an **NAIC 2** at the time of origination, self-insurance; provided that if lessee's credit rating shall fall to a category below an **NAIC 2** equivalent, then and in that event, the lessee shall obtain adequate casualty insurance from an insurer having a claims paying ability rating at least equivalent to an **NAIC 2**. Within **90** days of a rating downgrade, insurer shall provide evidence to the SVO that the insurance coverage required hereunder has been obtained.

Attach the following documents: (ARS Applicants submit final or near-final drafts.)

- The Promissory Note, Note Purchase Agreement, Mortgage/Deed of Trust, Credit Lease or other governing document.
- If the lessee is not assigned a designation of NAIC 2 or better, additional information regarding the strategic importance of the leased premises to the lessee.
- Lessee's most recent audited financial statements and evidence of rating if available. If the lessee has not previously been rated, attach audited financial statements for the three most recent fiscal years.
- Executed, active and binding Assignments of Rents.
- A copy of the Lessor's letter to Lessee or other document detailing lease payment instructions.
- Written evidence from the Lessee certifying that Lessee's obligation to pay rent is in effect, that the Lessee has no defense to payment of rent, and confirmation of Lessee's obligation to pay rent.
- Copy of Appraisal summary page indicating the appraisal value of the property and containing appraiser's name and certifications done in accordance with MAI Standards. The value reported in the appraisal report must proceed from a comparison of each of the (i) cost, (ii) comparative and (iii) income approach.
- Lessee Estoppel Certificate.
- Phase I - Environmental Assessment.

2. **Answer the following questions** (attach additional pages, as needed):

- Does the Lessor have any obligations to repair or maintain the premises (roof, structural or parking lot?) Yes_____ No_____ Explain:

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- Does the Lease allow for any termination before the expiration of the Loan term?
Yes _____ No _____ Explain:

- If the Lease allows abatement or withholding of rent for any reason, explain. Is there rent loss or rent abatement insurance in place to cover these periods? Yes _____
No _____ Explain:

- Describe what may happen in the event of condemnation or other governmental taking of all or part of the loan security:
- Will the condemnation award be used to restore leased premises or to repay the Loan?
Yes ___ No ___ Explain:

- Do the Lease payments cover the loan payments, insurance, taxes and major expenses? Yes ___ No ___ If any items are not covered, explain:

3. General Loan Information:

- Appraised value of loan security

\$ _____

- Loan to value ratio

% _____

- Debt service coverage ratio _____ to _____ Explain:

- Monthly deposit required for lessor maintenance and other items. \$
Explain

- Is the loan security designated as a separate tax parcel?
Yes _____ No _____

- Has an Environmental Assessment been completed, and if so what type of report (Phase I or II)? Yes _____ No _____

4. **Provide a Diagram of the Transaction.** (The diagram should show all parties to the transaction and associated disbursement and repayment flows.)
5. **Provide a Step by Step Description of the Diagram.** (Describe legal relationships, cash flows, the sequence of events expected to evolve under the structure, etc.)
6. **Please Answer the Following Questions:** (Attach additional pages as needed.)

Describe the Lessor's legal and business structure.

If the Lessee or Guarantor does not currently have an NAIC Designation or a rating from an NRSRO (Nationally Recognized Statistical Rating Organization), please attach all materials necessary to assign an NAIC Designation.

Miscellaneous

- A. To the best of Lender's knowledge, has this transaction been previously reported on Schedule B of the NAIC Annual Statement? Yes__ No____
- B. If the transaction involves a leasehold interest created by a ground lease or estate for years, describe the arrangement between the owner of the fee interest, the ground lessee, the ground lessor and the remainderman, if any (specifically whether or not the

ground lease or estate for years is terminated pursuant to a foreclosure of the Notes(s) or whether all of the ground lease obligations materially match all of the Lessee's obligations under the Lease.

Please provide the following:

- (a) Name and address of Ground Lessor;
- (b) Term of Ground Lease;
- (c) Maximum annual/monthly rent payable to Ground Lessor during long term;
- (d) All other amounts payable to ground Lessor that are not passed directly to the Lessee;
and
- (e) Executed copy of Attainment or other Agreement.

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