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**VEGA  
ECONOMICS**

## *Looking Forward: The CMBS Litigation Landscape*



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The COVID-19 pandemic and resulting nationwide shutdown has severely impacted the commercial real estate market. A shock to the economy of this magnitude has not been felt since the 2007 financial crisis. Vega anticipates that following the COVID-19 economic shutdown, many cases will be filed regarding CMBS trusts.

The Vega team and experts have been market leaders in providing expert testimony and consulting support for litigation cases related to real estate and securities. These claims were filed by investors and insurers against various parties to the transaction including originators, trustees, and servicers.



# AREAS OF EXPERTISE

## Securities

In the past five years, the Vega team has supported experts in over 30 securities fraud cases where plaintiffs have alleged violations of Sections 11 and 12(a)(2) of the Securities Exchange Act and associated state securities acts. We work with experts who have experience in all aspects of mortgage-backed securities. For example, we have analyzed issues involving complex payment structures and cashflows, as well as risk disclosure and credit ratings.

## Real Estate

The Vega real estate expert network consists of academic and industry leaders who have extensive experience in real estate transactions, automated valuation models, appraisals, real estate investment trusts, mortgage loan servicing, and real estate-backed securitization instruments.

## Valuation

Vega uses sophisticated statistical and economic tools to analyze and value complex financial instruments including mortgage and other asset-backed securities. Our experts combine business experience and technical skills to determine the relevant factors that contribute to value. The combination of these skills allows our experts to robustly value assets as well as effectively critique opposing expert's valuation methodologies.

## Financial Institutions

Vega draws on expertise in complex financial products to effectively address issues involving financial institutions. For example, we have extensive experience analyzing the role and duties of parties involving in complex transactions, including trustees, servicers, originators, insurers, as well as credit rating agencies, in various breach of contract cases.

## ANALYSIS OF CMBS AND STRUCTURING ISSUES

- Modeling CMBS from Investors' Perspectives
- Structural Considerations and Implications on Bond Performance
- Risk Disclosure
- Role of the Trustee, Servicer, and other Relevant Parties

## RISK ANALYSIS

- Evaluating the Credit Risk of the CMBS
- Credit Rating of CMBS
- Prepayment and Default Analysis

## VALUATION OF CMBS

- Discounted Cash Flow Analysis
- Analysis of CMBS Pricing
- Impact of COVID-19 on CMBS Valuation

## ACCOUNTING AND TAX ISSUES

- Financial Due Diligence Associated with CMBS
- GAAP for Issuers and Investors
- REMICs

## ANALYSIS OF COLLATERAL

- Measure CMBS Collateral Performance
- Loan-Level Performance Modeling
- Servicing Commercial Mortgages During COVID-19

# FEATURED EXPERTS

For more information, email:  
[experts@vegaeconomics.com](mailto:experts@vegaeconomics.com)

## Paul Hanouna

**Associate Professor, Finance & Real Estate at Villanova University.**

Dr. Hanouna is a securities expert that specializes in corporate and international finance, as well as credit risk and real estate. He is the author of the textbook "Multinational Financial Management" (11th Edition), which contains discussion of various structured financial products.

## Dan Taylor

**Associate Professor of Accounting at The Wharton School, University of Pennsylvania.**

Dr. Taylor is an award-winning researcher and teacher with extensive expertise on issues related to corporate financial disclosures, accounting fraud, insider trading, and corporate governance. Professor Taylor has published academic articles on topics related to company's disclosure of COVID-19 risks, income statement effects of securitization, and credit risk associated with securitized assets.

## Hans Isakson

**Professor Emeritus of Economics, at the University of Northern Iowa.**

Dr. Isakson's research focuses on real estate and land market analysis, urban land development models, appraisal methods, real estate investment analysis, energy conservation in buildings, and economic impact studies. He has provided expert witness testimony in a variety of matters regarding appraisal techniques and valuation modeling.

## Andra Ghent

**Associate Professor of Finance, UNC Kenan-Flagler Business School and the Leonard Wood Center for Real Estate.**

Professor Ghent is an expert in commercial real estate as an asset class and its importance to the U.S. economy and other asset classes. She recently published an article regarding the effects of COVID-19 on commercial real estate and related issues. Professor Ghent is an expert in mortgages, structured financial products, investor incentives, and portfolio choices.

## Joel Finard

**Principal at CapMarket Consulting.**

Mr. Finard has consulted players in the financial services industry regarding structured finance transactions and risk management, worked on the trading desks of major banks, structured and executed structured finance transactions and risk management strategies. He has provided testimony in complex financial services litigation and is an expert in credit ratings.

## Peter Ross

**Principal at PMI Consulting.**

Mr. Ross transformed a commercial mortgage operation from a \$400 million regional lender into a \$2.1 billion national mortgage banking operation. In this role, he oversaw commercial loan servicing and acted as a senior lending officer. In other experience, he approved and oversaw commercial loans and mortgages.



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