



## **Los Angeles Advisory Firm Models Servicing Rights**

*Commercial Real Estate Direct Staff Report*

Monday, November 27, 2006

Condor Capital Advisors, a Los Angeles advisory firm, has developed a quantitative model that would help lenders value mortgage servicing rights.

Condor was founded six years ago by Ron Kaminker, a former Secured Capital partner, to provide a wide range of valuation and consulting services to investors and principals in the mortgage, CMBS and collateralized debt obligation markets.

The firm's servicing valuation model takes into account any potential assumption or prepayment fees that a loan might generate, as well as any potential income that might come from cash that is collected from borrowers before it's due to the lender and escrow accounts.

When lenders sell their loans or servicing for their loans, they generally get offers from servicing companies. They rely on competitive forces to determine what their servicing rights might be worth. But few make the effort to determine whether those offers are fair or not. "They can't go back (to the market) to get a better price," Kaminker explained. "Consequently, they not only are possibly leaving money on the table upon sale, but they are also potentially mispricing their loan quotes."

His model could also serve to help lenders improve the way they price their loans. If they have a better handle on the value of the servicing that goes along with a loan, they might, for instance, be able to shave a basis point or two from a loan's interest-rate spread.

Condor will license the valuation model or provide actual valuations on a deal-by-deal basis