

Fitch Downgrades Four Classes of JPMorgan 2006-FL2; Revises Outlooks

Written by Australian Business

NEW YORK--([BUSINESS WIRE](#))--Fitch Ratings has downgraded four classes of J.P. Morgan Chase Commercial Mortgage Securities Corp., series 2006-FL2 and revised the Rating Outlooks on seven classes to Negative from Stable. A detailed list of rating actions follows at the end of this release.

Key Rating Drivers

The downgrades are primarily due to the lack of progress made on refinancing the remaining two loans in the pool. Since Fitch's last rating action, the loans transferred back to the special servicer.

The Marina Village loan (55% of pool) was unable to pay off on its maturity date of Nov. 9, 2013; however, the borrower continues to remit payments.

The Marina Village loan is collateralized by 31 office buildings totaling 1.16 million square feet (sf) on 73 acres, located in a 205-acre master-planned development in Alameda, CA, within the San Francisco Bay Area. The property consists of low-rise and mid-rise office buildings (collateral), a shopping center, a hotel, 178-unit residential town-home community, and open space along the waterfront (with a 990-berth marina). The loan was modified in June 2011 with a final maturity date of November 2013. The loan was transferred back to special servicing in October 2013.

As of December 2013, the portfolio occupancy was 63%, compared to 61% at YE2012, and 79.6% at issuance. The average rental rate at the property was approximately \$19.71 per square foot (psf), compared to \$24.22 psf at issuance.

The 1111 Marcus Avenue loan (45% of pool), which has been operating under a forbearance agreement, has a term expiration on April 9, 2014. There has been no indication that the borrower intends to pay off the loan prior to its maturity.

Fitch Downgrades Four Classes of JPMorgan 2006-FL2; Revises Outlooks

Written by Australian Business

The 1111 Marcus Avenue loan is secured by a condominium interest in an office complex (the complex consists of two separate condo interests) consisting of five office buildings in New Hyde Park, NY. The collateral consists of 920,059 sf (Condo Unit 1). The original loan maturity date was 10/9/09 with two one-year extensions. In November 2011, borrower signed a forbearance agreement which expired in October 2013. The loan was transferred back to special servicing in September 2013 due to imminent default. The forbearance was subsequently extended to April 9, 2014

As of YE2013, the property was 73% occupied, compared to 64.6% at YE2012, and 79% at issuance. The increase in occupancy was due to the new leases that were signed in 2013.

Rating Sensitivity

Fitch analyzed each loan individually and ran multiple scenarios that assumed one loan would pay off and one loan would be the sole remaining loan in the pool. The outcomes of these scenarios and the impact to the trust were then considered in Fitch's rating recommendations.

The Marina Village loan is serviced by TriMont Real Estate Advisors; the 1111 Marcus Avenue loan is serviced by CT Investment Management Co. Both special servicers are working to determine the workout strategies. The possibility of a full recovery on the Marina Village loan is relatively high. However, if the Marina Village loan does not pay off, future downgrades on the outstanding bonds are possible.

Fitch has downgraded the following ratings and revised Outlooks as indicated:

--\$11.2 million class E to 'BBB-sf' from 'Asf'; Outlook to Negative from Stable;

--\$11.2 million class F to 'BBsf' from 'BBBsf'; Outlook to Negative from Stable;

Fitch Downgrades Four Classes of JPMorgan 2006-FL2; Revises Outlooks

Written by Australian Business

--\$10 million class G to 'Bsf' from 'BBB-sf'; Outlook to Negative from Stable;

--\$12.5 million class H to 'CCCs' from 'Bsf'; RE 45%.

Fitch has affirmed the following ratings and revised Outlooks as indicated:

--\$54.9 million class A-2 at 'AAAsf'; Outlook to Negative from Stable;

--\$16.8 million class B at 'AA+sf'; Outlook to Negative Stable;

--\$14.3million class C at 'AAsf'; Outlook to Negative from Stable;

--\$10 million class D at 'AA-sf'; Outlook to Negative from Stable.

--\$14.4 million class J at 'CCCs', RE 0%;

--\$13 million class K at 'CCCs', RE 0%';

--\$17.1 million class L at 'Dsf/RE 0%'.

Classes A-1, LV-1, LV-2, and X-1 have paid in full. Class X-2 was previously withdrawn.

Additional information is available at 'www.fitchratings.com'.

Applicable Criteria and Related Research:

--'Global Structured Finance Rating Criteria' (May 24, 2013);

--'Criteria for Analyzing Large Loans in U.S. Commercial Mortgage Transactions' (Sept. 20, 2013).

Applicable Criteria and Related Research:

Global Structured Finance Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=708661

Criteria for Analyzing Large Loans in U.S. Commercial Mortgage Transactions

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=718468

Additional Disclosure

Solicitation Status

http://www.fitchratings.com/gws/en/disclosure/solicitation?pr_id=826455

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: <HTTP://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS> . IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE '

<WWW.FITCHRATINGS.COM>

' PUBLISHED RATINGS, CRITERIA AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE 'CODE OF CONDUCT' SECTION OF THIS SITE. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.