

MARK ADELSON Editor

MITCHELL GANG Production Editor

DEBORAH BROUWER Production and Design Manager

BARBARA J. MACK Content Director

SYLVIA LANG Head of Marketing

DENISE ALIVIZATOS Senior Marketing Manager

RYAN C. MEYERS Account Manager

VICTORIA KUNZ Account Manager

ALBINA BRADY Agent Sales Manager

DEWEY PALMIERI Reprints Manager

CHERLY BONNY Customer Service Manager

JENNIFER WU Finance Manager

NICOLE FIGUEROA Business Analyst

MARK LEE Advertising Director

DIANE ALFANO Chairman and CEO

DAVE BLIDE Publisher

Welcome to the Summer 2017 issue of *The Journal of Structured Finance*. In addition to our usual lineup of articles, this issue includes a special section containing invited comments to mark the occasion of the 10th anniversary of July 10, 2007. That was the day when Moody's and S&P first took negative rating actions on large numbers of mortgage-backed security (MBS) tranches backed by subprime mortgage loans. S&P placed 612 MBS tranches on review for possible downgrade (Barnes et al. [2007]), and Moody's downgraded 399 tranches and placed 32 on review for possible downgrade (Weill and Tobey [2007]). At that point, the actions by the rating agencies offered barely a hint of what was to come. The rating actions were almost all on securities rated triple-B or lower and backed by subprime mortgage loans. Only a tiny minority of other market participants envisioned the breadth and severity of the problems that would later come to light. The invited comments embody the benefit of 10 years of perspective and reflection on what went wrong and what lessons can be learned.

This issue starts with an assessment of commercial real estate credit cycles, and their implications for commercial MBS investments, by Tracy Chen of Brandywine Global in Philadelphia. Chen analyzes a wide array of factors and concludes that the commercial real estate market is late in its cycle but that there are important differences across subsectors.

Andy Walden of Black Knight Financial Services then examines the market for reperforming mortgage loans. Walden explains that today's 2 million reperforming loans are the modern legacy of the 7.4 million foreclosures and 8.2 million loan modifications that have occurred since the financial crisis. His analysis offers interesting performance comparisons based on whether loans received modifications and, if so, whether through the government's Home Affordable Modification Program or lenders' proprietary programs.

In the issue's third article, Josephine Gemson of King's University College and A. Thillai Rajan from the Indian Institute of Technology Madras examine private equity investment in infrastructure projects in India. Gemson and Rajan consider staging and syndication as competing risk-mitigation strategies that private equity investors can use when investing in infrastructure projects.

Lewis Cohen, Lee Samuelson, and Hali Katz, all of Hogan Lovells in New York, provide an introduction to blockchain technology and describe how it has the potential to bring major changes to the structured finance landscape.

The final article is a report by me on the Sixth Annual Investors Conference on CLOs and Leveraged Loans, which was held on

May 24–25, 2017 in New York. The report covers 14 sessions from the event, including general sessions on the outlook for the leveraged loan market and for the CLO market.

In addition, this issue includes highlights from GlobalCapital and a selection of industry news items from the Structured Finance Industry Group (SFIG), both covering Q2 2017.

As always, we welcome your submissions. Please encourage those you know who have good articles or have made good presentations on structured finance– or project finance–related subjects to submit them to us. Submission guidelines can be found at <http://www.ijournals.com/page/jsf/submitanarticle>. If you have comments or suggestions, you can e-mail me directly at markadelson@nyc.rr.com.

REFERENCES

Barnes, S., R. Pollsen, E. Warner, M. Stock, M. Perelmuter, M. Kennedy, R. Buendia, and T. Gillis. “612 U.S. Subprime RMBS Classes Put on Watch Neg; Methodology Revisions Announced.” Standard & Poor’s, July 10 2007.

Weill, N., and A. Tobey. “Moody’s Downgrades Subprime First-Lien RMBS.” Moody’s Investors Service, July 10, 2007.