

The risk category tables included in the Overview and Instructions, specifically Figure 4 in the instructions for LR004 (FR004 for Fraternal) Mortgages and Figure 11 in the instructions for LR009 (FR009 for Fraternal) Schedule BA Mortgages, are incorrect. Changes were made to Table 2 in the RBC for Commercial Mortgages proposal document that was adopted by the Life Risk-Based Capital (E) Working Group. These changes were made in order to address concern with mortgages having debt service coverage of less than one being assigned to risk categories less than CM3. Specifically, the changes were to delete the first CM2 category previously shown and to delete the lower loan-to-value (LTV) limits for the risk categories highlighted below.

Corresponding changes should have been made to the tables presented in Appendix E of the American Council of Life Insurers' proposal.

This table should be used and not the table shown in Figures 4 and 11 of the Overview and Instructions for the categorization of applicable mortgages.

For Office, Industrial, Retail and Multi-family

Risk category	DSC limits		LTV limits
CM1	$1.50 \leq \text{DSC}$	and	$\text{LTV} < 85\%$
CM2	$0.95 \leq \text{DSC} < 1.50$	and	$\text{LTV} < 75\%$
CM2	$1.15 \leq \text{DSC} < 1.50$	and	$75\% \leq \text{LTV} < 100\%$
CM2	$1.50 \leq \text{DSC}$	and	$85\% \leq \text{LTV} < 100\%$
CM2	$1.75 \leq \text{DSC}$	and	$100\% \leq \text{LTV}$
CM3	$\text{DSC} < 0.95$	and	$\text{LTV} < 85\%$
CM3	$0.95 \leq \text{DSC} < 1.15$	and	$75\% \leq \text{LTV} < 100\%$
CM3	$1.15 \leq \text{DSC} < 1.75$	and	$100\% \leq \text{LTV}$
CM4	$\text{DSC} < 0.95$	and	$85\% \leq \text{LTV} < 105\%$
CM4	$0.95 \leq \text{DSC} < 1.15$	and	$100\% \leq \text{LTV}$
CM5	$\text{DSC} < 0.95$	and	$105\% \leq \text{LTV}$
CM6	Loans 90 days past due but not yet in process of foreclosure		
CM7	Loans in process of foreclosure		