

Trimont Real Estate Advisors, LLC

Servicer Report

Ratings^a

Commercial Primary Servicer CPS2+
Commercial Special Servicer CSS2

^aAffirmed ratings on May 31, 2017.

Servicer Summary

Trimont Real Estate Advisors, LLC (Trimont, or the company) provides commercial real estate (CRE) services to real estate lenders and investors including primary, special servicing and asset management. Ancillary business lines include bond finance servicing, construction loan servicing, operating advisory for CMBS transactions, underwriting and information management services.

Following its acquisition in September 2015 by funds controlled by Värde Partners, a Minneapolis-based investment management firm, Trimont began consolidating the operations and servicing portfolio of FirstCity Financial Corporation, another servicer owned by Värde Partners, into a single servicing platform with servicing operations in Atlanta and Dallas. The company's primary servicing consists of CRE loans on behalf of third parties.

Special servicing consists of large floating-rate CMBS, syndicated transactions, as well as other non-CMBS structured finance. Trimont also services pools of nonperforming CRE loans held by private equity firms, investment companies and other debt holders.

Key Rating Considerations

Company/Management: Trimont is owned by funds controlled by Värde Partners. A new CEO was hired in January 2016 and several other key senior management hires were made throughout 2016. The management structure provides a good level of depth, leadership and industry knowledge. Since the acquisition, the management team has been integrating legacy servicing platforms and expanding servicing operations among the company's diverse client base.

Staffing and Training: Trimont's employees, particularly asset managers, have diverse industry experience and a broad depth of CRE knowledge. The aggregate amount of turnover was lower in 2016 as compared to prior years. Aggregate employee turnover during 2016 was 17% and 26% for primary and special servicing, respectively. However, there was 100% turnover in special senior management. Employees completed an average of 44 hours of training during 2016.

Procedures and Controls: Trimont relies on its information technology infrastructure and management reviews for internal controls. The company also maintains a compliance officer on its legal staff to monitor compliance with pooling and servicing agreements (PSA) and the servicing standard for CMBS loans. Additionally, a dedicated internal audit team of two auditors review compliance with company policy and procedures.

Technology: McCracken's Strategy loan servicing application, release 17.9 is the system of record supplemented with integrated proprietary technology to gain efficiencies and controls within servicing operations.

Related Research

[Fitch Affirms Trimont's Commercial Real Estate Servicer Ratings \(May 2017\)](#)

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Company Experience Since:

CRE Servicing	1995
CMBS Servicing	1995
CRE Loan Workout	1988
CMBS Workout	1998

Company Overview

Trimont Real Estate Advisors, LLC was founded in 1988 as Hatfield Philips, Inc. and changed its name to Trimont Real Estate Advisors, Inc. in February 2003.

Private investment funds controlled by Värde Partners, a Minneapolis-based investment management firm, acquired Trimont through a newly created holding company, Trimont Global Real Estate Advisors, in September 2015. Also, in September 2015, FirstCity Financial Corporation (FirstCity), a Texas-based holding company owned by Värde-controlled private investment funds, became a subsidiary of Trimont Global, and FirstCity's loan servicing subsidiary, FirstCity Servicing, became a subsidiary of Trimont Holdings.

Trimont continues to operate as a privately held company that provides third-party CRE services to real estate lenders and investors but is not an investor, lender or holder of controlling positions in CMBS. It provides servicing and asset management for its parent company, Värde Partners, as well. The company's core services include asset management (primary, fund and special servicing), bond finance services, defeasance consulting, underwriting and information management services.

Trimont continues to diversify its client base, providing services for over 150 distinct clients as of Dec. 31, 2016 including global investment banks, domestic and international banks, life insurance companies, private equity funds and real estate investment managers.

Trimont is headquartered in Atlanta with satellite offices in Los Angeles, Dallas and New York. The company has two additional international offices in Europe supporting commercial loan servicing, whose operations were not evaluated as part of Fitch Ratings' review. In 2016, Trimont moved its Atlanta headquarters to a nearby building with added space for future growth as well as enhanced common areas. All employees are now located on one floor as opposed to the two floors that were previously occupied. The firm also relocated staff to its Los Angeles office.

Servicer Ratings

Fitch rates primary and master servicers, which protect the interests of the certificateholders in the trust, by servicing and administering the mortgage loans. The primary servicer is responsible for day-to-day servicing functions, while the master servicer is responsible for monitoring the activities of the primary servicers, investor reporting, and timely remittance of funds to trustees.

Fitch also rates special servicers, which are key to maintaining the credit quality of a pool containing nonperforming commercial mortgages and real estate-owned assets. The special servicer is responsible for working out loans, foreclosing, and liquidating assets.

In assessing and analyzing the capabilities of primary, master, and special servicers, Fitch reviews several key factors, including the management team, organizational structure and operating history, financial condition, information systems, and, with respect to the special servicer, workout and asset disposition experience and strategies.

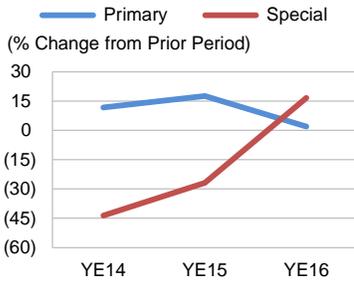
Fitch rates commercial mortgage primary, master, and special servicers on a scale of 1 to 5, with 1 being the highest rating. Within each of these rating levels, Fitch further differentiates ratings by plus (+) and minus (-) as well as the flat rating.

Related Criteria

[Criteria for Rating Loan Servicers \(February 2017\)](#)

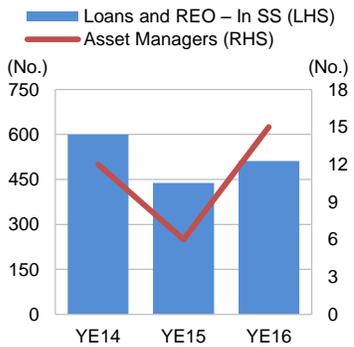
[Criteria for Rating North American Commercial Mortgage Servicers \(February 2017\)](#)

Servicing Portfolio Growth



YE – Year end. Note: Special servicing includes loans actively in special servicing (including REO). Source: Trimont.

Special Servicing — Loan and Employee Counts



SS – Special servicing. REO – Real estate owned. Source: Trimont.

Trimont experienced primary servicing and named special servicing portfolio growth over the past 24 months by adding numerous third-party clients, particularly benefiting from its diversification in areas other than CMBS, which have grown their share of CRE lending, as well as its reputation for construction loan servicing expertise.

Servicing Portfolio Overview

(\$ Mil.)	12/31/16	% Change	12/31/15	% Change	12/31/14
Primary Servicing					
UPB	36,589	2	35,905	18	30,526
No. of Loans	2,478	24	1,991	5	1,897
Special Servicing — Named					
UPB	7,859	63	4,818	154	1,892
No. of Loans	1,304	137	550	23	445
Special Servicing — Active^a					
UPB	511	17	438	(17)	599
No. of Loans	762	92	431	(11)	348

^aIncluding REO. Source: Trimont.

Financial Condition

Fitch does not maintain a credit rating for Trimont. However, Fitch performed a financial assessment of the company and determined that its short-term financial viability is adequate to support the servicing platform.

Fitch’s assessment of Trimont highlighted increased assets under management from acquisition as well as increased debt on the parent company’s balance sheet with highest liquidity in company history. The partners who owned the firm prior to acquisition have left the firm and its new senior management team has significant relationships in real estate finance. It also noted client concentration and declining margins, although Fitch expects stabilization in margins going forward.

Employees

The total number of employees that have primary and special servicing responsibilities has increased considerably during the past year due to increasing portfolio volume by loan count and dollar balance. Aggregate turnover declined in 2016 as compared to 2015; however, senior management turnover was elevated in both primary and special servicing groups.

Employee Statistics

	2016				2015			
	No. of Employees	Average Industry Experience	Average Years Tenure	% Turnover	No. of Employees	Average Industry Experience	Average Years Tenure	% Turnover
Primary/ Master Servicing								
Senior Management	8	26	13	32	11	26	12	24
Middle Management	13	19	12	0	9	17	12	18
Servicing Staff	58	10	6	18	52	11	6	32
Total	79	—	—	17	72	—	—	—
Special Servicing								
Senior Management	2	25	10	100	3	34	9	29
Middle Management	8	21	6	38	8	25	7	67
Servicing Staff	27	13	5	10	13	16	7	22
Total	37	—	—	26	24	—	—	—

N.A. – Not available. Source: Trimont.

Three senior managers departed Trimont in 2016. Two were voluntary and one involuntary. Two senior managers currently managing the special servicing team have 20 and 31 years' experience, respectively.

Trimont maintains a strong training program with a large number of training courses specifically targeting the development of asset management and asset servicing skills.

Primary Servicing

As of Dec. 31, 2016, Trimont maintained a primary servicing staff of 79 employees, an increase of seven people from year-end 2015. Turnover was 17% in 2016, with turnover highest at the senior management level of 32%, representing an internal transfer, one involuntary and one voluntary departure, none of whom were replaced; middle management turnover was 0% and staff-level turnover was 18%.

Overall, Trimont retains a strong, highly experienced management team with senior managers averaging 26 years of industry experience and 13 years with Trimont. Primary servicing middle managers average 19 years of industry experience and 12 years with Trimont. The servicing staff average 10 years of experience and six years with the company. Levels of experience and tenure at all staffing levels were relatively flat comparing year-end 2016 to year-end 2015 numbers.

Trimont has designated 15 members of its servicing and asset management teams as specialists in various property types. The property types range from traditional multifamily, office and retail to more specialty property types including gaming, data centers, construction and land.

Special Servicing

As of Dec. 31, 2016, Trimont's special servicing staff consisted of 37 employees, up from 24 at the same time in 2015. Special servicing turnover was approximately 26% and included eight departures, two of which were internal transfers. Special servicing senior management averages 25 years of industry experience and approximately 10 years with Trimont and is supported by middle managers who average 21 years of industry experience and six years with Trimont.

Other Staff

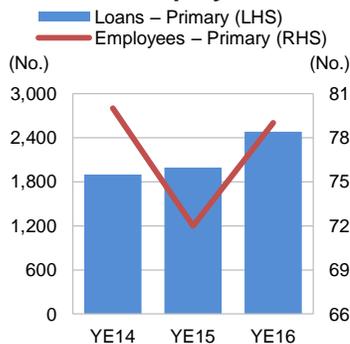
In addition to dedicated primary and special servicing staff, the company had 96 employees as of Dec. 31, 2016 (up from 65 at Dec. 31, 2015) in a shared services environment that performs corporate functions, nonservicing advisory services and certain servicing-related operations. Areas supported by this group include: underwriting/due diligence, portfolio servicing such as tax escrow and monitoring, insurance escrow, monitoring and compliance, investor remittance and reporting and document control and management. The group also offers support in areas such as accounting and treasury, information management, IT and human resources. Senior managers in the nonservicing group average 23 years of experience and 10 years company tenure while middle managers average 20 years of experience and nine years company tenure.

Training

Trimont determines its training needs each year through annual needs assessments conducted via individual meetings between the company training manager and each primary and special servicing team leader or department heads. Training is delivered through a variety of methods including traditional instructor-led classroom instruction and computer-based e-learning. Trimont employs a full-time, dedicated training manager/coordinator to lead classes and uses internal and external subject matter experts to lead classes as well.

Since Fitch's last review, Trimont partnered with NYU Schack Institute of Real Estate to offer an online certificate program to employees. NYU provides Trimont with six courses designed to provide a solid framework for understanding CRE and financial analysis. Employees can choose and complete three courses in order to obtain a certificate. Courses in the past

Primary Servicing — Loan and Employee Counts



Source: Trimont.

12 months included topics such as real estate capital markets, analyzing real estate investment trusts and real estate investment analysis.

All Trimont, servicing employees in both asset management and operations are required to complete a minimum of 40 hours of training annually. During the past 12 months, employees averaged 44 hours of training per employee. Courses provided to its employees include: property type specific offerings, global real estate outlook, real estate basics, certain soft skills and various technology tools.

Operational Infrastructure

Outsourcing

Neither the special servicing nor the primary servicing groups outsource core asset management or servicing functions. Trimont outsources noncore functions such as its tax service provider and flood zone determination services similar to other CRE servicers. The company may also engage third-party specialists such as insurance brokers, law firms, property inspectors, environmental firms, property managers, sales or leasing brokers and appraisers as necessary.

Vendor Management

Trimont maintains a formal vendor management policy for selecting and monitoring third-party vendors. Generally, vendors are chosen first from a preferred vendor list and then from a recommended vendor list. The preferred list is comprised of professionals with whom Trimont has had favorable experiences. The recommended vendor list includes firms with which Trimont has successfully worked with in the past but not as extensively as with the vendors on the preferred list. These lists are updated periodically based on feedback from asset managers and in-house counsel working with the vendors and must be approved by management.

Selection of a vendor who is not on one of these lists must be vetted and approved according to established policy and procedures with appropriate management approval. Trimont's vendor management program includes a formal review for certain vendors, including annual audits of property managers on all CMBS REO assets and ad hoc audits of other vendors as deemed necessary.

Information Technology

Trimont uses McCracken Financial Solutions' Strategy release 17.9 with an application service provider license. The company utilizes several different Strategy modules including asset management, loan administration, investor processing and reports module. The company completed migration of legacy First City systems since Fitch's last review.

In addition, the company maintains an internally developed asset management database for data warehousing, analysis, special servicing, asset management and reporting purposes. This platform appears to be well integrated with Strategy. In 2016, Trimont continued to work toward deeper integration with McCracken in an effort to leverage more of that platform's reporting capability to improve scale, utilization and consistency across core servicing reporting.

Trimont also maintains a Web-based front-end application for the database called the applications portal. The reports generated from the applications portal assist asset management in all aspects of the asset monitoring process. The database also tracks asset status (performing, nonperforming, specially serviced or real-estate owned [REO]), resolution

Trimont's application portal is used to create small balance loan business plans with input from the asset managers. The CMBS and large balance business plans are manually prepared as the loan structures have historically been more complex.

information and REO sales. Additionally, the company maintains an REO website to assist with the sale of REO properties.

Trimont has a dedicated reporting team that designs and develops reporting for, and in cooperation with, its clients using Microsoft SQL Server Reporting Services to support reporting. Strategy produces a set of standard reports and Trimont has created ad hoc reporting as necessary. Special servicing business plans for small balance loans are generated through the application portal; however, large balance loans are done manually using Excel-based templates.

Trimont has 17 employees dedicated to ensuring the IT environment is secure, performing well and meeting client needs. Employees are responsible for the development of software, Web applications, user interfaces, scripted processes/functions, reports, queries, automated processes, tools and templates. Other responsibilities include storage/capacity planning, backups, networking, telecommunications, desktop environment, third-party software management, remote connectivity, logical/physical security, disaster recovery and security compliance.

Disaster Recovery/Business Continuity Plan

Trimont maintains a limited number of off-site disaster recovery seats through IBM at a disaster recovery facility in Smyrna, GA that is available for the management team to centrally meet and coordinate the effort during a disaster. The company also maintains a co-location facility provided by a third-party provider approximately 1,400 miles away in Denver, which allows for the systems to be accessed either from the Denver facility or from other remote locations. Employees can access systems through the company's virtual private network. In the event that Trimont will not have access to its office for extended periods, it would contact the building manager for alternate space on a temporary basis. Should they not be able to provide sufficient space, Trimont would contact surrounding hotels for use of their meeting spaces until a more permanent solution could be established.

Trimont's critical network drives are replicated hourly to its disaster recovery site and other servers are backed up hourly on Trimont's storage area network. The disaster recovery plan results in the maximum possible loss of critical company data in the event of a disaster of one hour. The Strategy loan servicing application is hosted by McCracken and subject to their disaster recovery plan, which includes daily backups and the potential for a day of lost servicing data. Trimont participates in McCracken's testing.

The disaster recovery plan is updated throughout the year, most recently in June 2016, in conjunction with the latest test, which was considered successful. Should an actual offsite disaster recovery be required, Trimont expects to be operational within 24 hours. Disaster recovery tests are conducted by Trimont annually.

Internal Control Environment

Trimont has an effective control environment making use of management quality control reviews, workflow technology and system reporting. The company uses its internal audit department as an independent verification that its control environment is properly functioning.

Policies and Procedures

Trimont's policies and procedures are formally documented in online department manuals and are available to all employees through the company intranet site. A policy coordinator insures that each policy section is reviewed annually and updated as necessary. New and revised policies must be approved by either the respective department head prior to implementation.

Fitch notes that the business continuity plan includes facilities for the management team to meet; however, it does not include seats for the majority of its employees if the company's building was not accessible for an extended period of time. Trimont instead would look for space at the time of the business disruption. Additionally, employees can access necessary applications on Trimont's network remotely if they have internet access.

Each department may also choose to maintain its own separate, more detailed desktop procedural manual to be used for training and reference purposes. These training manuals are not published online but are typically saved on the department's network drive so that the appropriate employees have access. The review, update and approval process for desktop manuals is the same as for policy manuals.

Compliance and Controls

Trimont's quality control effort involves electronic workflow tools and ticklers, system-generated and ad hoc reporting and quality control review checks. Electronic workflow tools embedded within servicing technology automate the review and approval process, routing various items to be reviewed to each individual necessary in a process, tracking its progress and ensuring that all necessary approvals are obtained. Quality control checks are conducted monthly and quarterly by servicing personnel; while annual internal audits serve as the final assurance that compliance with policies and procedures is achieved. In addition, client specific deliverables are the responsibility of the asset managers to complete and the relationship managers to review.

When a securitized asset is transferred to Trimont, or Trimont is named as special servicer, the PSA is reviewed by an asset manager, CMBS compliance officer and in-house counsel to understand its duties as special servicer. All actions or recommendations made by the asset manager in business plans must include a description of the PSA's requirements and how those requirements are being addressed. A copy of the business plan with the recommendation is provided to in-house counsel to ensure that all requirements of the PSA have been met and a PSA checklist is prepared by the CMBS compliance officer and reviewed by in-house counsel.

Trimont has a formal credit committee, which is responsible for the approval of special servicing business plans. The committee consists of the managing director of special asset management, special asset management team leaders, in-house counsel and the CMBS compliance officer with consultation from client relationship manager and/or property type experts as appropriate. The committee typically meets every two weeks or as needed for approvals.

Internal Audit

Trimont's internal audit program is based on an annual risk assessment and implemented by two employees in the audit department (encompassed within the accounting department) who are independent of the servicing functions being audited. At the beginning of each fiscal year, the internal audit manager and the CFO meet to develop a list of areas to be audited for that year using the previous year's audit schedule as a starting point, adjusting it as necessary to incorporate new areas of concern. Most internal audits are performed annually, but the frequency may be adjusted based on prior audit findings. The results of each audit are discussed with the team being audited and recommendations for improvement are provided as needed.

Trimont's internal audit department consists of one full-time employee and one contract employee who operate under the direction of the chief financial officer. The department performed audits of several primary servicing operations in 2016, the scope of which included loan payoffs, PSA compliance, property insurance coverage and property tax payments. Fitch reviewed the internal audits performed during the year and noted findings were not deemed material. Nevertheless, Trimont established actionable items, the party responsible for implementing change and a deadline for implementation of the change.

While Trimont does not have a dedicated compliance group, it does have designated compliance officer to ensure compliance with CMBS PSA's and company policies and procedures.

External Audits

BDO USA, LLP conducted the year-end 2016 USAP examination and issued its reports on Feb. 29, 2016. Fitch reviewed the report, which stated that Trimont was in compliance with minimum servicing standards. Grant Thornton LLP conducted Reg AB audits of Trimont in its capacity as a subservicer and special servicer and issued its audit letter on Feb. 29, 2016, indicating that Trimont complied with the applicable servicing criteria. Furthermore, Grant Thornton issued a service organization control (SOC1) report for 2016 detailing an audit performed in accordance with the statement on standards for attestation engagements 16 (SSAE 16) and noted no exceptions.

Primary Servicing

As of Dec. 31, 2016, Trimont’s primary servicing portfolio was comprised of 2,478 CRE loans with an unpaid balance (UPB) of \$36.5 billion, inclusive of three CMBS loans with a UPB of \$120 million. The bulk of primary servicing is comprised of non-CMBS loans on behalf of institutional clients. The trend of Trimont’s new loan volume has been for smaller loans as loan count increased 24% during 2016 while dollar volume increase was 2% during the same time period.

Primary Servicing Portfolio Overview

	12/31/16	% Change	12/31/15	% Change	12/31/14
CMBS					
No. of Transactions — Primary Servicer	2	(33)	3	200	1
UPB — Primary Servicing (\$ Mil.)	120	(56)	276	12	246
No. of Loans — Primary Servicing	3	(57)	7	17	6
Non-CMBS					
UPB (\$ Mil.)	36,469	2	35,628	18	30,279
No. of Loans	2,478	25	1,984	5	1,891

Source: Trimont.

New Loan Setup

Trimont’s asset management operations team uses a checklist to ensure that all elements of the asset setup process are completed in a timely manner and all departments have received the necessary documentation to be able to fulfill the scope of services. When executed core loan documents are received, they are routed to the document control group for uploading to the document repository, which initiates an e-mail to the special processing team that performs new and modified loan set-up in Strategy. The special processing team then generates an edit report to provide a logic check of key repayment terms that were keyed to the system.

Once the initial setup is complete, the edit report and pertinent loan documents are forwarded to a designated senior associate/manager for a quality control review and activation in Strategy. Bulk transfers, although performed infrequently, are generally handled in the same manner, using a data tape from the previous servicer. A Strategy boarding checklist that provides a breakdown of the steps necessary to complete the new loan setup process describes the chain of events for loan boarding. Once the checklist is complete and an asset is activated on Strategy, an additional quality control check is performed by an associate to ensure that all necessary steps have been taken to complete the process.

Within 30 days of closing or assignment for servicing and after receipt of the closing documents, the performing asset management team reviews the legal documents to identify servicing requirements, including reporting requirements, covenant or performance hurdles. These

Fitch reviewed Trimont’s external audits, which noted compliance with established servicing standards and did not contain any material findings.

requirements of either the borrower/sponsor or client are abstracted from the loan documents and loaded into the compliance tracking application. During the life of the loan, the asset manager or financial analyst will see compliance issues for each deal when they log into the application portal.

Accounting and Cash Management

Trimont receives payments via automated clearing house (ACH; 26%), checks (34%) and wire transfer (40%). Payment processing is handled by the treasury group, which is responsible for moving funds based on payment postings done by the servicing analysts in Strategy and processing remittances. If funds are unidentified, a copy of the check or wire is e-mailed to all employees requesting information. Outstanding checks and wires are reviewed daily by a servicing analyst and at a minimum weekly by managers in Documentum (an electronic storage and workflow tool) to monitor the timeliness of completing the workflow process.

The treasury group uses an internally developed system to automate the account reconciliation function by matching expected and received transactions and identifying out of balance accounts. Out of balance accounts are researched by the reconciliation team, who are responsible for preparing the daily and monthly reconciliations.

% Payment Collections via:

Wire	40%
ACH	26%
Checks	34%

Investor Reporting

Prior to each calendar month, a senior associate or manager from the investor remittance group prepares a calendar that includes all of the remittance reporting and disbursement deadlines for the upcoming period. After review and concurrence from the treasury reconciliation group, this calendar is distributed to members of each group to tickler the deadlines for the upcoming period.

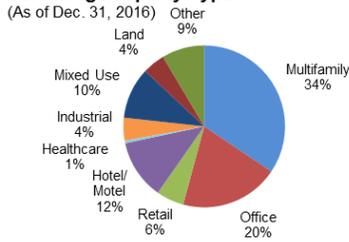
Prior to the external distribution of any reports or remittance of funds to clients, a senior associate/manager from the investor remittance group reviews the remittance reports. Both treasury reconciliation and investor reporting will agree on the cash figure using a proprietary application. Once cash agreement is reached funds are remitted. A second level of review is performed at the senior associate/management level within the treasury reconciliation group to ensure the disbursement from the collection account matches the detail of the remittance report. The remittance vouchers are approved by a manager and submitted to treasury cash management on or before the remittance date for the actual movement of funds.

Escrow Administration

Tax and insurance information is set up during the new loan setup phase by a tax or insurance associate. Trimont uses National Tax Search (NTS) to assist in the tax monitoring process for certain assets and uses tax authority websites and information supplied directly from the borrower for others. The company retains insurance compliance associates with experience in the CRE market who are responsible for reviewing insurance covenants contained within loan documents against actual insurance policies.

Taxes and insurance for non-escrowed assets are tracked in the same manner as escrowed assets. Critical date reports are generated for both escrowed and non-escrowed assets. Trimont obtains evidence of real estate taxes through tax jurisdiction websites and by tax payment receipts, provided by borrowers. The company requests evidence of renewals on insurance policies from borrowers/sponsors as well as insurance agents.

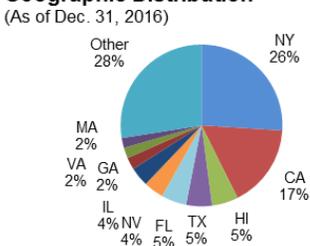
Non-CMBS Primary Servicing Property Type



Source: Trimont Real Estate Advisors, LLC.

Trimont's platform provides flexibility for tracking client specific requirements for each portfolio, such as various watchlist criteria, frequency of site inspections and periodic financial statement and rent roll collection.

Non-CMBS Primary Servicing Geographic Distribution



Source: Trimont Real Estate Advisors, LLC.

If a loan requires the escrowing of funds for real estate taxes or insurance an escrow analysis is performed following the loan setup on Strategy and, thereafter, at least once annually. If Trimont is engaged by its client to establish and maintain reserve accounts, asset management is responsible for reviewing and processing reserve account draws and disbursements. The reserve draw request is reviewed within two business days and if approved by the assigned asset manager, further approvals are obtained as required by Trimont's internal signing authority limits.

Critical date reports are generated from Strategy to monitor the expiration of UCCs. On a monthly basis, a paralegal reports on the UCCs expiring in the next six months. The asset manager provides approval for continuation based on the status of the asset. When continuation is necessary to protect the lender's interest, the paralegal prepares the UCC continuation through an online vendor, CT Advantage. The document control team tracks the progress of UCC continuations and updates the UCC expiration date upon receipt of recorded continuations.

Asset Administration

Trimont utilizes a proprietary compliance tracking system to monitor delinquent deliverables due from the borrower, such as property operating statements, rent rolls and borrower financial statements. The asset management operations team is responsible for collecting operating statements and rent rolls, per loan document requirements and client servicing agreements (including applicable PSAs and subservicing agreements). Notices are sent prior to due dates to remind the appropriate parties that information is coming due, when required by servicing agreements. Compliance reports are generated by the database and are reviewed by the compliance team with the asset management teams to resolve chronic delinquencies.

A financial analyst analyzes property financial statements collected in Trimont's database. Periodic analyses are performed by both the financial analyst and asset manager as required by the client or PSA. In the case of CMBS transactions, CREFC operating statement analysis reports (OSARs) are prepared and distributed in accordance with the PSA requirements. In addition, Trimont typically reviews rent rolls and analyzes tenant rollover and corresponding borrower lease up initiatives in conjunction with its review of annual budgets/business plans and more frequently as required under a client's servicing agreement.

Watchlists are maintained in accordance with each client's criteria or, in the case of CMBS, in accordance with CREFC criteria, using internal reports and knowledge of the property and market conditions. Trimont's baseline watchlist contains all assets that are within 90 days of maturity or past due by one day. In addition, the asset management team identifies potential issues from periodic site inspections, property performance monitoring, adverse leasing activity and market surveillance.

Most site inspections are performed by the assigned asset manager or financial analyst assigned to the asset. In 2016, Trimont handled 100% of inspections internally with none outsourced to a third party, which is noticeably higher than other Fitch-rated servicers. Site inspections on securitized loans are performed in accordance with CREFC guidelines. In 2015, site inspection tracking was migrated to Strategy, making use of the Strategy's site inspection form, database and ability to set triggers and initiate work flow.

Trimont developed an internal system where loans within 90 days of maturity have a maturity letter automatically generated and e-mailed to the servicing analyst. Upon receipt, it is forwarded to the asset manager for evaluation regarding status of the loan and a determination is made to deliver notice based on any communication regarding loan resolution plans, extension and modifications.

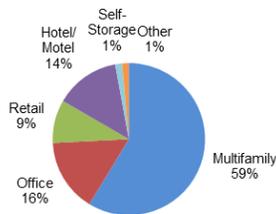
Special Servicing Portfolio Overview

	12/31/16	% Change	12/31/15	% Change	12/31/14
CMBS					
No. of Transactions — Special Servicer	15	25	12	100	6
UPB — Named Special Servicer (\$ Mil.)	6,946	53	4,549	252	1,292
No. of Loans — Named Special Servicer	100	45	69	331	16
UPB — Actively Special Servicer (Non-REO) (\$ Mil.)	0	—	123	—	—
No. of Loans — Actively Special Servicer (Non-REO)	0	—	1	—	—
UPB — REO Assets (\$ Mil.)	69	(8)	75	1	74
No. of REO Assets	1	—	1	—	1
Non-CMBS					
UPB — Named Special Servicer (\$ Mil.)	912	239	269	(55)	600
No. of Loans — Named Special Servicer	1,204	150	481	12	429
UPB — Actively Special Servicing (Non-REO) (\$ Mil.)	319	88	170	16	146
No. of Loans — Actively Special Servicing (Non-REO)	581	47	395	62	243
UPB — REO Assets (\$ Mil.)	122	74	70	(81)	377
No. of REO Assets	180	429	34	(67)	104

Source: Trimont.

CMBS Special Servicing Property Type

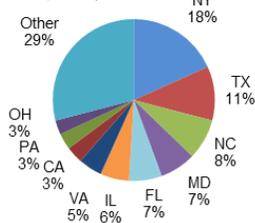
(As of Dec. 31, 2016)



Source: Trimont Real Estate Advisors, LLC.

CMBS Special Servicing Geographic Distribution

(As of Dec. 31, 2016)



Source: Trimont Real Estate Advisors, LLC.

Customer Service

The assigned asset manager is the primary point of contact for a borrower. Borrower requests or inquiries are responded to within 24 hours. For borrowers who have signed up for Trimont's on-line borrower website portal (called Vision), requests or inquiries may be submitted via the application that is then automatically routed to the appropriate internal party. Vision also gives borrowers access to loan payment and balance information, transaction history and escrow information, among other information.

Defaulted Loan Management — Special Servicing

Special Servicing Portfolio

As of Dec. 31, 2016, Trimont was named special servicer for 1,304 CRE loans, totaling \$8 billion, up substantially from 550 loans and \$4.8 billion at year-end 2015. This includes 100 loans in 15 CMBS transaction totaling \$6.9 billion, of which it was actively specially servicing one REO asset with a UPB of \$69 million. At the same time, the company was named special servicer on 1,204 non-CMBS loans with a UPB of \$912 million, of which it was actively specially servicing 581 loans with a UPB of \$319 million and 180 REO with a UPB of \$122.0 million. Trimont resolved 287 non-CMBS loans during 2016 with an outstanding principal balance of approximately \$252 million.

While Trimont's special servicing portfolio has generally been declining over the past five years, the company's recent combination with FirstCity Servicing added both a significant volume of small balance specially serviced assets as well as experienced special servicing staff. The combined company should be well prepared to handle additional future special servicing assignments given the improved capacity and economy of scale created through merger of Legacy First City portfolio and staff.

Loan Administration

For performing loans where Trimont is the named special servicer, the company's approach to surveillance includes reviewing the monthly remittance reports for loans that have been placed on the master servicer's watchlist, have delinquent payments or near-term maturities. Trimont

holds ongoing discussions with master servicers about loans for which it is named special servicer. That communication occurs approximately once per quarter and increases as the loan approaches maturity.

In addition to holding regular conversations as needed, Trimont and its clients have a periodic formal asset review meeting, during which Trimont and the client discuss deals that have issues and sometimes focus on specific markets or property types. All assets are reviewed at least once annually.

Consent requests are assigned to an asset manager once received. The asset manager communicates with the borrower as soon as an engagement letter outlining fees and the process is sent to the borrower generally within one day of receipt of the request. Each borrower request/consent is presented to the controlling holder/operating advisor for review and approval or, as required by the applicable PSA, for securitized assets and per Freddie Mac's procedures for those requests.

Defaulted/Nonperforming Loan Management

Special serviced loans are assigned based on the asset manager's experience or market knowledge. The resolution process is determined by client specific requirements or servicing agreements. The process generally begins with a re-underwriting of the property and borrower analysis. Reporting and other services provided are determined based on client requirements, or for securitized assets, in accordance with the PSA's requirements.

Trimont uses its application portal database to begin its market research and will leverage its broker relationships to provide market information and potential sales price. The company also has market research resources and a staffed research library that it uses to gather information on the local market from recently published reports and journals.

Trimont also uses its database to determine if it has prior relationships with the borrower/sponsor. The asset manager searches the internet and LexisNexis for information on the borrower and market contacts are used to assess borrower/sponsor reputation and capability with the particular asset. Credit reports are also run on borrowers and guarantors.

Site inspections for specially serviced assets are conducted within 60 days of transfer and are generally required annually after that, although in practice, Trimont stated that ongoing visits are often done much more frequently. The CREFC property inspection form is utilized unless another form is dictated by the client. Once the site inspection has been completed, it is uploaded to Documentum. The collateral inspection may also include environmental assessments and property condition reports, as needed.

An ASR is completed in accordance with the governing client agreement or PSA, and is updated at least annually. For nonsecuritized assets, the ASR on a nonperforming asset is submitted within 45 days following the event of default. For securitized assets, the plan is submitted according to PSA requirements, usually between 30 and 45 days, following the transfer to special servicing. The business plan will be revised if there is a substantial change in the resolution strategy or more frequently, if required. Business plans are approved via credit committee with committee meetings generally occurring every two weeks.

The final business plan for CMBS and CDO assets is presented to the internal credit committee for approval, which includes demonstrating how the proposed plan complies with the applicable PSA, including a net present value (NPV) analysis of alternative resolution strategies. Once approval is received, the asset manager will send it to the operating advisor for approval, as appropriate.

Trimont is a third-party service provider and does not invest in commercial real estate debt or equity positions. Its parent company may invest in these and appoint Trimont as special servicer. Currently, it is directing certificateholder for one transaction where it has appointed Trimont as special servicer.

In-house counsel and the CMBS compliance officer ensure that the proposed resolution is in compliance with the PSA or other servicing agreement and loan documentation.

REO Management

Trimont currently has eight asset managers that are dedicated to working specifically on REO assets. The business plan (asset status report [ASR]) and operating budget for REO assets is submitted for approval within 60 days following the end of the property redemption period, if applicable, or following the foreclosure sale date. Business plans and budgets are then updated annually thereafter, if not resolved earlier. Budgets are prepared by property managers in conjunction with the asset manager who is responsible for monitoring expenses.

Trimont has a website where its REO assets are posted for sale via an automated system in the application portal. There are over 3,900 registered investors who have access to the information on this website, which directs them to information, a picture and an interactive map of the property and contact information for the listing broker.

REO business plans and budgets are reviewed by the credit committee for securitized assets and large balance loans for initial approval to foreclose or take a deed-in-lieu, prior to becoming an REO and, subsequently, presented for permission to sell the asset prior to disposition. If a major change occurs in the strategy outlined in an ASR that had previously been approved, an updated plan would be presented to the credit committee. Periodic discussions of ongoing workouts and dispositions are also commonplace to keep all parties apprised of progress of the asset through the resolution/disposition process.

Governance and Conflicts of Interest

Managing Potential Conflicts

Potential conflicts of interest in special servicing arise through various forms, particularly as investors retaining controlling positions in securitizations or specific loans have an influence on workout strategies and the ability to select the special servicer.

Trimont does not have ownership interests in any CMBS transactions or otherwise and is appointed special servicer for CMBS transactions by third-party controlling class holders. The company's policy is to evaluate all workout alternatives and select the resolution method that results in the highest recovery for the CMBS transactions using an NPV-based analysis. Fitch reviewed one CMBS business plan that included alternate resolution strategies, appropriately substantiated the ultimate recommended strategy, and contained a NPV analysis of the various strategies.

Trimont provided Fitch with its employee handbook that includes a conduct policy and conflict of interest section. The conflict of interest policy lays out the company's expectation that employees conduct business according to the highest ethical standards of conduct. Upon being hired, new employees must read and acknowledge their understanding of the handbook. Employees are annually required to review and acknowledge receipt and understanding in writing.

Affiliated Companies

Trimont does not have affiliate companies that provide real estate management or broker services.

Trimont is currently servicing one CMBS REO property, which has been REO for approximately five years. Trimont has been focused on leasing the asset and making various improvements.

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