FitchRatings

Trimont Real Estate Advisors, LLC

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

Primary and special servicing are performed predominately for third-party clients, of which Trimont has a diverse mix of capital market participants. The balances of the company's primary servicing and named special servicing portfolios have grown 25% yoy to $65.9 billion and 4% yoy to $14.7 billion, respectively, as of Dec 31, 2019. The primary servicing portfolio's balance growth is mainly driven by the addition of large institutional third-party clients, as well as an increase in construction and bridge loans. Named special servicing loan count has declined slightly following the industry trend of servicers' larger balance loans replacing legacy maturities. Named special servicing assignments consist of recent vintage (2015 or later) single-asset single-borrower, conduit CRE CLO and Freddie Mac small-balance and floating-rate transactions.

In 2019, Trimont implemented Backshop, a centralized asset management system for special servicing similar to other conduit special servicers, demonstrating its continued commitment to technology. As of Fitch Ratings' review, the system is utilized for covenant compliance tracking, with the bulk of traditional asset management functionality — such as consent tracking, operating statements, rent rolls, automated asset status reports (ASR) and net present value (NPV) calculations — scheduled to be implemented in 2020. The asset management system is integrated with the Strategy loan servicing system, as loans boarded into Strategy are also automatically loaded into Backshop, and both systems are integrated with the data warehouse. The company continues to leverage ancillary systems and certain functions of Strategy to support special servicing, which in time will all be transitioned to Backshop.

Servicer Ratings

- Fitch rates primary and master servicers, which protect the interests of 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 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 REO 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 these rating levels, Fitch further differentiates ratings by plus (+) and minus (–) as well as the flat rating.

Ratings[a]

Commercial Primary Servicer	CPS2+
Commercial Special Servicer	CSS2

[a]Last rating action: Affirmed May 2020.

Applicable Criteria

Criteria for Rating Loan Servicers (February 2020)

Criteria for Rating North American Commercial Mortgage Servicers (January 2020)

Related Research

Fitch Affirms Trimont's Commercial Primary & Special Servicer Ratings (May 2020)

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Key Rating Drivers

Company/Management: Trimont is owned by funds controlled by Värde Partners. The majority of servicing is for third-party clients; however, Trimont is the named special servicer for eight securitized transactions controlled by Värde funds. The company also performs special servicing on behalf of approximately 10 distinct clients. The management structure provides an extensive level of depth and industry knowledge.

Staffing and Training: Trimont's employees, particularly asset managers, have diverse industry experience and a broad depth of CRE knowledge. Aggregate turnover among primary servicing employees remained elevated for the fourth consecutive year at 24%, an increase from 21% the prior year. Total special servicing employee turnover was likewise elevated for the fourth straight year at 30%, up from 27% yoy. A significant portion of overall turnover comprises internal transfers, which demonstrates Trimont's management strategy. Not including internal transfers, primary servicing and special servicing turnover is reduced to 18% and 22%, respectively. Primary servicing staff average nine years of experience and four years with the company. Trimont's eight special servicing asset managers average six years of company tenure and 19 years of experience, with an assets-to-asset manager ratio of 9-to-1.

Technology: McCracken's Strategy loan servicing application, release 19D, is the system of record. It is supplemented with integrated proprietary applications to gain efficiencies and controls within servicing operations. In 2019, Trimont implemented Backshop, a centralized asset management system for special servicing similar to other conduit special servicers. The company currently leverages ancillary systems and certain functions of Strategy for special servicing, which in time will all be transitioned to Backshop. Other technology implementations include a cloud-based centralized data warehouse, optical character recognition (OCR) and a new version of the proprietary internal portfolio reporting dashboard.

Loan Administration: Trimont performs its core servicing operations in-house, as well as customer-facing and back-office functions that include payment processing and escrow administration. The company outsources certain primary servicing functions, such as UCC filing and tracking and flood zone determination services, similar to other Fitch-rated servicers. The servicing groups utilize policies and procedures for loan servicing functions that are supplemented by desktop procedures for certain functions, although the policies and procedures comprise a high-level overview of processes and an academic description of functions but are not intended as specific instructions. Trimont maintains a vendor engagement and monitoring program that is jointly administered by the Trimont manager responsible for hiring the vendor and the director of risk management.

Procedures and Controls: Trimont has an effective control environment consisting of high level policies and procedures, workflow technology and system reporting, management quality control reviews and an internal audit department to independently verify that its control environment is properly functioning. The company created a dedicated compliance function in 2018 responsible for testing compliance with servicing agreement requirements for securitized assets, reporting directly to the chief legal officer. While Trimont's compliance department focuses on ensuring compliance with servicing agreements and pooling and servicing agreements (PSAs) for securitized loans, it does not test compliance with servicing policies and procedures, although this is partially mitigated by management oversight and an independent internal audit department.

While Fitch views positively the creation of an independent compliance department, it has had only one year of testing thus far. As such, Fitch will continue to monitor the independent compliance function for demonstrated proficiency in subsequent years.

Defaulted/Nonperforming Loan Management: Trimont maintains satisfactory policies and procedures for the timely transfer of loans from the master servicer, processes and timelines to develop and execute reasonable business plans, bankruptcy experience, REO disposition experience and loan surveillance processes. Since inception, Trimont has resolved 50 securitized loans totaling roughly $2.9 billion and about 4,000 nonsecuritized loans totaling $20 billion.

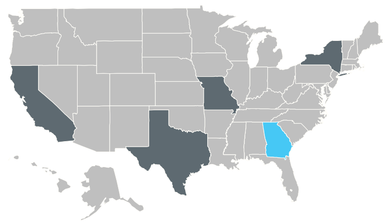
Financial Condition: Although Fitch does not publicly maintain Issuer Default Ratings for Trimont or Värde Partners, its Financial Institutions group, based on its financial review, considers Trimont's short-term financial position adequate to support its servicing platform.

Company Experience Since

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

Source: Trimont.

Office Locations



Primary Office: Atlanta, GA.

Operational Trends

Business Plan	■	Stable business plan with steady flow of new business offsetting portfolio declines
Servicing Portfolio	■	Year-over-year loan count change of approximately 10%
Financial Condition	■	Stable Outlook
Staffing	▲	Staffing growth
Technology	▲	Improving technology, well-managed upgrades
Internal Controls	■	Stable control environment, no material audit findings
Servicing Operations	■	Stable operations, no material changes year-over-year

Source: Fitch Ratings.

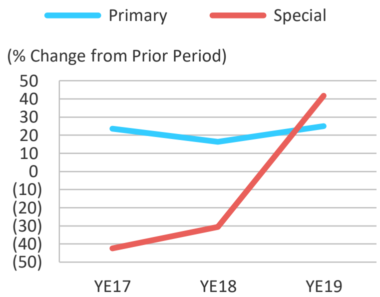
Company Overview

Servicing Portfolio Overview

	As of Year-End Dec. 31				
	2019	% Change	2018	% Change	2017
Total Servicing					
UPB ($ Mil.)	65,857.1	25	52,656.4	16	45,237.2
No. of Loans	2,328	4	2,239	1	2,222
Primary Servicing					
UPB ($ Mil.)	65,857.1	25	52,656.4	16	45,237.2
No. of Loans	2,328	4	2,239	1	2,222
Special Servicing — Named					
UPB ($ Mil.)	14,712.3	4	14,161.9	19	11,889.0
No. of Loans	738	(6)	782	(25)	1,039
Special Servicing — Active[a]					
UPB ($ Mil.)	289.8	42	204.4	(31)	294.2
No. of Loans	84	(3)	87	(73)	326

[a]Including REO.
UPB – Unpaid principal balance.
Source: Trimont.

Servicing Portfolio



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

Trimont Real Estate Advisors, LLC was founded in 1988 as Hatfield Philips, Inc. It 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. That same month, 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 operates as a privately held company that provides third-party CRE services to real estate lenders and investors, but it is not an investor, lender or holder of controlling positions in CMBS. However, its parent company, Värde Partners, is an active investor and holder of controlling positions in securitizations. The company's core services include asset management (primary, fund and special servicing), bond finance services, defeasance consulting, underwriting, accounting solutions and information management services.

Trimont experienced a 25% primary servicing portfolio increase (by balance) over the past 12 months by adding a number of large institutional third-party clients, along with an increase in construction and bridge loans.

The company continues to diversify its client base, providing services for over 240 clients as of Dec. 31, 2019 including global investment banks, domestic and international banks, life insurance companies, private equity funds and real estate investment managers. Trimont also serves as an operating advisor for 56 securitized transactions, although the company stopped taking on new operating advisor assignments in 2018 to focus on core servicing functions.

Trimont, with more than 250 employees globally, is headquartered in Atlanta with satellite offices in Los Angeles, Dallas, Kansas City, MO and New York City. The company also has three international offices in London, Amsterdam and Australia to support European commercial loan servicing. The international offices' operations were not evaluated as part of Fitch's review.

In 2019, Trimont opened an office in Kansas City, MO that consisted of six employees as of Dec. 31 2019, the majority of whom are dedicated to primary servicing.

Financial Condition

Fitch does not maintain a public 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 highlights improvement in EBITDA and revenue trends in 2019 while noting growth in its client base and a stable liquidity history.

Employees

The servicing groups within Trimont comprise 135 employees who are fully dedicated to servicing, up from 122 employees in 2018. Trimont's nonservicing employees operate in a shared services environment that performs corporate functions, nonservicing advisory services and certain servicing-related functions. 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.

Employee Statistics

	2019				2018			
	No. of Employees	Average Years Industry Experience	Average Years Tenure	% Turnover	No. of Employees	Average Years Industry Experience	Average Years Tenure	% Turnover
Primary Servicing								
Senior Management	5	27	14	31	8	26	15	11
Middle Management	21	19	12	15	18	20	12	12
Servicing Staff	91	9	4	25	74	10	5	25
Total	**117**	—	—	**24**	**100**	—	—	**21**
Special Servicing								
Senior Management	2	17	11	0	2	15	10	50
Middle Management	5	24	8	20	5	22	7	46
Servicing Staff	11	17	5	38	15	18	7	18
Total	**18**	—	—	**30**	**22**	—	—	**27**

Source: Trimont.

Primary Servicing

As of Dec. 31, 2019, Trimont maintained a primary servicing staff of 117 employees, reflecting a net increase of 17 employees from YE18. Primary servicing turnover remains high at 24%, an increase from 21% the prior year, although absent internal transfers turnover was a more moderate 18%. The highest turnover based on percentage was observed at the senior management level, which increased to 31% from 11% in 2018 as a result of two internal transfers to roles outside servicing. At the middle management level, three manager departures (two voluntary and one involuntary) resulted in 15% middle management turnover. There were 21 staff-level separations in 2019 resulting in 25% turnover; this comprised three internal transfers, one involuntary departure and the remaining voluntary departures.

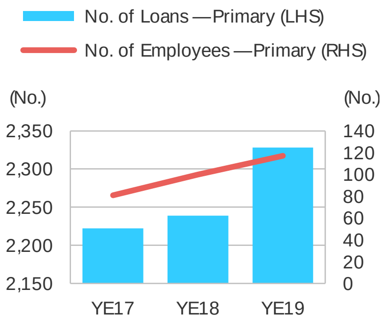
While overall turnover has been high for four consecutive years, this is partially mitigated by internal transfers, as senior management gives internal opportunities to employees who wish to take on new roles to expand their skillsets for career progression.

Overall, Trimont continues to retain a strong, highly experienced management team, with senior managers averaging 27 years of industry experience and 14 years of tenure. Primary servicing middle managers average 19 years of industry experience and 12 years with Trimont. The servicing staff averages nine years of experience and four years with the company. Levels of experience and tenure at the majority of staffing levels declined slightly yoy as a result of turnover; however, the slight decline indicates Trimont has been successful in recruiting experienced new hires. The majority of the primary servicing staff is based at the company's Atlanta headquarters, with additional support in Dallas, Kansas City, MO and Los Angeles or working remotely.

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

Trimont experienced a fourth consecutive year of elevated primary servicing turnover, at 24% for 2019 versus 21% the prior year, although Fitch notes that this percentage includes internal transfers. Absent internal transfers, current turnover would be 18%.

Loan and Employee Counts



Source: Trimont.

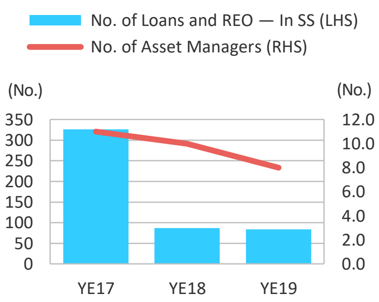
Special Servicing

As of Dec. 31, 2019, Trimont's special servicing group consisted of 18 fully dedicated employees, down from 22 and 29 employees in 2018 and 2017, respectively, continuing a decreasing trend. Special servicing turnover was approximately 30% in 2019, up slightly from 27% the prior year, and included three staff-level involuntary departures, two-staff level voluntary departures and one middle manager internal transfer. Two special servicing senior managers — representing an area that did not experience turnover in 2019 — average 17 years of industry experience and approximately 11 years with Trimont; they are supported by five middle managers averaging 24 years of industry experience and eight years with Trimont. Reporting to the middle managers are 11 staff members averaging 17 years of experience and five years of company tenure.

Fitch identified eight special servicing employees as asset managers averaging 19 years of experience and six years of tenure and who are actively working out defaulted loans. Turnover among asset managers was 22% in 2019, an increase from 11% in 2018. Fitch calculates an assets-to asset manager ratio of 9-to-1, in line with other Fitch-rated conduit special servicers. This reflects the decline in loan count and the small balance nature of Trimont's active special servicing portfolio, with the average balance of loans at less than $3 million; this includes nontraditional CRE assets and multiple assets from a single sponsor. Asset managers are supported by staff-level analysts and have one REO manager who focuses on implementing business plans and marketing assets. Asset managers and supporting staff can leverage a separate team of property-type experts for specific concerns as needed.

Unlike the primary servicing employees, who are based primarily in Atlanta, the special servicing team is geographically diverse, with 10 employees in Atlanta, six in Dallas and the remaining two either in Trimont's satellite office in Kansas City or working remotely.

SS Loan and Employee Counts



SS – Special Servicing.
Source: Trimont.

Fitch notes as a concern turnover for special servicing employees, which has exceeded 25% for several consecutive years.

Training

Employee training is directed by senior management and the company's dedicated training manager to establish overall training goals for the year. Additionally, employees are polled annually to incorporate individual training needs, and employee development is addressed as part of the annual performance review process. Annual employee training requirements include required compliance and information security training, as well as regional, role or client-required topics.

Training is delivered through a variety of methods, including traditional instructor-led classroom sessions using internal and external subject matter experts and computer-based e-learning. The company uses the Learning Management System (LMS) to track training hours. In addition to LMS, Trimont has developed its own internal training platform, Trimont University, which, together with LMS, contains online courses to supplement classroom learning. Trimont enhanced its LMS platform in 2019 by adding over 300 courses, now available to all employees.

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

Additionally, Trimont maintains a partnership with NYU Schack Institute of Real Estate to offer an online certificate program for employees. NYU provides Trimont with 11 courses, designed to offer a solid framework for understanding CRE and financial analysis. Employees can choose and complete five courses to obtain a certificate. Recently added topics include real estate capital markets, analyzing real estate investment trusts and real estate investment analysis.

In 2019, Trimont continued the buildout of its employee training program. Trimont offered new programs for all levels of management, including live courses for a four-part management basics series. It also expanded its strength assessments and team development sessions and individual coaching for employees to 90% of the company. In addition to a new-hire program aimed at assimilating and training new Trimont employees, the company added a mentorship program, pairing high-potential employees with managers to foster the development of mentees' skillsets. For special servicing employees, particularly asset managers, Trimont brought in law firms and other external professionals to lead presentations during training sessions.

All Trimont primary and special servicing employees are required to complete a minimum of 40 hours of training annually. In 2019, primary servicing employees averaged 53 hours of training per employee, while special servicing employees averaged 56 hours of training, which is higher than the average Fitch-rated servicer. New training topics in 2019 included servicing-specific classes such as CLO consents, UCC overview and CRE leasing.

Operational Infrastructure

Outsourcing

Neither the special servicing nor the primary servicing groups outsource core asset management or servicing functions. Trimont does outsource noncore functions such as its tax service provider, UCC filing and tracking 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 has a vendor engagement and monitoring program that is jointly administered by the Trimont manager responsible for hiring the vendor and the director of risk management. The Trimont manager defines the scope of services and quality control measures and ensures services are priced within market norms. New vendor contracts are reviewed by Trimont's legal department prior to engagement.

The hiring manager is responsible for monitoring vendor performance relative to agreed-upon service levels. The legal, accounting, IT or risk management department can request an audit of vendor performance if they perceive any potential performance issues.

Property managers, brokers or environmental consultants engaged by the special servicing team are chosen first from a preferred vendor list and then from a recommended vendor list. The lists consist of professionals with whom Trimont has had favorable experiences.

Information Technology

Trimont uses McCracken Financial Solutions' Strategy system, release 19D (upgraded from a previous version in 2018) with an application service provider license for primary loan servicing. The company utilizes several different Strategy modules, including loan administration and investor processing and reporting modules.

In 2019, Trimont implemented Backshop version 7.2, a centralized asset management application for special servicing, to consolidate special servicing asset management capabilities. As of Fitch's review, the system is utilized for consents and covenant compliance tracking, with the full breadth of traditional asset management functionality scheduled to be implemented in 2020. Ultimately, Backshop will provide defaulted loan resolution and surveillance functions such as operating statements, rent rolls, ASRs and NPV calculations. Backshop is well-integrated with Strategy, as loans boarded into Strategy are automatically synchronized with Backshop, and both systems are integrated with the data warehouse. Backshop is currently utilized by two other Fitch-rated servicers for special servicing loan administration.

Until Backshop is fully implemented, Trimont will maintain a proprietary, web-based front-end application for its database called the Strategy Web Portal (Version 19D). Reports generated from the Web Portal assist management in all aspects of asset monitoring. The database also tracks asset status (performing, nonperforming, specially serviced or REO), resolution information and REO sales. In 2019, the company decommissioned its REO website that assisted with the sale of REO properties.

The company 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, with Trimont creating ad hoc reporting as necessary. Special servicing business plans for small balance loans are generated through the web portal; however, large balance loans are manually generated using Excel-based templates. In 2019, Trimont implemented a new data warehouse, although not all reports have been migrated over — specifically reports largely related to Strategy tables, which are still run from the company's legacy data warehouse.

The company utilizes OCR to systematically extract data from documents such as financial statements and rent rolls to input into servicing systems. The company has enhanced its proprietary internal and client-facing dynamic portfolio dashboard, Triview, by giving users access to deal-level analytics to customize report outputs, including statistics, graphs and charts.

Cybersecurity has been an area of focus for Trimont in recent years. It expects to build on these efforts in 2020 with the scheduled implementation of network support and data loss protection for an internal data repository in addition to firewall upgrades.

Trimont has 19 employees devoted to IT, consistent with the prior year. These employees are dedicated to ensuring the IT environment is secure, performing well and meeting clients' 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

The IT group is also responsible for disaster recovery as a component of overall business continuity planning, addressing the restoration, implementation and support of hardware, software, telecommunications and data communication networks, if necessary.

The disaster recovery plan is updated throughout the year to address changes to the technology environment and software changes or updates. The plan, which is tested annually by Trimont, calls for a four-hour recovery of critical systems. This is one of the shortest recovery times of Fitch-rated servicers. The plan was most recently tested in September 2019 with successful results. Trimont also maintains a limited number of offsite disaster recovery seats through IBM at a facility in an Atlanta suburb where the management team can centrally meet and coordinate efforts during a disaster.

Trimont maintains several ancillary systems to support loan servicing functions. However, the company consolidated approximately six proprietary applications in 2019 in an ongoing effort to centralize processes.

Trimont implemented a new data warehouse in 2019 and is in the process of transitioning all reports to run off of it.

In 2019, Trimont implemented Backshop, a centralized asset management application for special servicing now being utilized for covenant and compliance tracking, with more traditional asset management functionality to be installed in 2020. Progress implementing operating statement, rent roll, NPV and multiple scenario analysis functionality will be monitored in subsequent reviews.

Trimont utilizes OCR to capture and digitize operating statements and rent roll data into the servicing platform. This saves time and resources for the company and is a characteristic of servicers rated highly by Fitch.

Fitch notes that the business continuity plan includes facilities where the management team can meet; however, it does not include seats for the majority of employees if the company's building cannot be accessed for an extended period of time. Regional power or internet connectivity losses limit the effectiveness of business continuity plans that rely solely on a work-from-home strategy.

Trimont maintains a separate business continuity plan to address the timely resumption of critical business functions. This plan was developed with input from a business continuity committee that performed a business impact analysis to prioritize key functions. The plan is tested companywide at least biannually in conjunction with disaster recovery testing, as well as periodically by the individual functional departments. The most recent companywide test occurred in March 2020 with nonmaterial findings, all of which were remedied. Should an event of disaster occur, employees can access systems through the company's virtual private network.

Trimont's business continuity infrastructure has supported all servicing employees working remotely during the coronavirus pandemic, as Trimont continues to execute its servicing operations successfully.

In the event Trimont is unable to access its office for extended periods, it would employ a work-from-home protocol and, if needed, contact the building manager for alternate space on a temporary basis. If they cannot provide sufficient space, Trimont would contact surrounding hotels for use of their meeting spaces until a more permanent solution is 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 a maximum possible loss of critical company data of one hour in an event of disaster. Loan servicing data maintained in Strategy is hosted by McCracken and therefore is subject to their disaster recovery plan, which includes daily backups but the potential for a day of lost servicing data. Trimont participates in McCracken's disaster testing exercises.

Internal Control Environment

Trimont has an effective control environment consisting of high level policies and procedures, workflow technology and system reporting, management quality control reviews, a dedicated compliance group that performs testing with servicing agreements and an internal audit department to independently verify that the control environment is properly functioning.

Policies and Procedures

Trimont maintains policies and procedures for loan servicing functions that are supplemented by desktop procedures for certain specific functions. These policies and procedures, available to all employees through the company intranet, provide a high level overview of the process and an academic description of the function but not the specific instructions to perform servicing functions. A policy coordinator ensures each policy section is reviewed annually and updated as necessary. New and revised policies must be approved by the respective department head prior to implementation. Trimont reviews its policies and procedures annually, with all of them most recently reviewed in 2019 and 2020. Fitch reviewed the policies and procedures and noted no material changes to the documents yoy.

Certain departments within Trimont, including loan servicing, maintain desktop procedures as training manuals and supplemental documentation to policies and procedures. These training manuals are not published online but are typically saved on the respective department's network drive for the appropriate employees to access. Fitch reviewed samples of desktop procedures for escrow analysis, treasury reconciliation and new loan setup and deemed them thorough and sufficiently detailed, with step-by-step instructions and illustrations to guide employees in performing their respective functions.

Compliance and Controls

Trimont's quality control efforts are centered on electronic workflow tools and ticklers, as well as system-generated and ad hoc reporting, to perform 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 their progress and ensuring all necessary approvals are obtained.

Trimont's compliance department comprises one dedicated resource who reports directly to the chief legal officer, with responsibilities mainly for ensuring compliance with PSAs for securitized loans and coordinating CRE Finance Council reporting. While Fitch views favorably the addition of a compliance team in 2018, the team has a limited history of demonstrated proficiency, which will be monitored in subsequent reviews.

Quality control checks are conducted daily, weekly and monthly by a servicing employee who is partially dedicated to monitoring quality control metrics. The servicing management team meets weekly to review quality control metrics.

Trimont also maintains a separate internal compliance function outside of the servicing groups; it comprises one compliance manager who reports to the chief legal officer. This manager is responsible for reviewing and testing each servicing agreement in which a compliance report is generated, including recommendations for improvement. Findings and recommendations are discussed with the related business line management and team leaders. The compliance manager also coordinates CRE Finance Council (CREFC) reporting. Fitch notes that Trimont's independent compliance department is mainly focused on PSA compliance for securitized loans and CREFC reporting, whereas traditional compliance departments at other Fitch-rated servicers are usually responsible for routinely testing compliance with servicing processes set forth by policies and procedures.

For specially serviced securitized assets, Trimont maintains several levels of review and approval as quality control measures. Business plans are reviewed by the team leader and in-house counsel to confirm compliance with respective PSAs and loan documents. Additionally, Trimont has established a formal credit committee to review business plans. The committee comprises the CEO, chief legal officer, the president of Trimont's Americas operations, the managing director of nonperforming asset management and other professionals as needed. 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 to confirm policies and procedures and complimentary risk and control methodologies are operating effectively. Internal audit is staffed by two employees who are not fully dedicated to servicing, reporting to the CFO. The internal audit group performed five audits in 2019, including corporate insurance, performing assets and movement of funds. Fitch reviewed the audits and deemed them satisfactory, with minor findings relating to systematic coding and physical company equipment that had respective remediation plans in place. Notwithstanding the minor findings, the various audits reflect the importance of the audit functions performed.

External Audit

Trimont was subject to service organization control (SOC) 1 Type II, Regulation AB (RegAB) and Uniform Single Attestation Program (USAP) audits in 2019, all completed by Grant Thornton LLP. Fitch reviewed the RegAB and USAP audits, dated February 2020; they did not contain any findings and stated that Trimont was in compliance with minimum servicing standards.

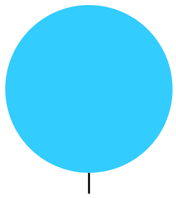
Grant Thornton LLP also completed the company's 2019 SOC 1 Type II audit for the 12-month period ended in September 2019. The audit, reviewed by Fitch, did not reflect any material deficiencies or contain any findings.

Primary Servicing

As of Dec. 31, 2019, Trimont's primary servicing portfolio comprised roughly 2,328 CRE loans with an aggregate unpaid principal balance (UPB) of $65.9 billion, inclusive of three CMBS loans with a UPB of $120 million. In addition, the company services four CRE CLO transactions and subservices two others with 116 loans totaling $3.4 billion that are secured by transitional assets across most property types in domestic markets. Similar to other Fitch-rated servicers with portfolios growing due to higher balance loans, Trimont's servicing portfolio increased 25% by balance while the number of loans only increased marginally, attributable in part to an increase in construction and bridge loans.

The majority of primary servicing is performed for third-party institutional investors with about 6% on behalf of life insurance companies. Included within third-party servicing are roughly 148 loans totaling $1.8 billion that Trimont services on behalf of its parent company.

CMBS Servicing Property Type
(As of Dec. 31, 2019)



Source: Trimont.

Primary Servicing Portfolio Overview

	As of Year-End Dec. 31				
	2019	% Change	2018	% Change	2017
CMBS					
No. of Transactions — Primary Servicer	2	—	2	—	2
UPB — Primary Servicing ($ Mil.)	120.0	—	120.0	—	120.0
No. of Loans — Primary Servicing	3	—	3	—	3
Non-CMBS					
UPB ($ Mil.)	65,737.1	25	52,536.4	16	45,117.2
No. of Loans	2,325	4	2,236	1	2,219

UPB – Unpaid principal balance.
Source: Trimont.

New Loan Setup

Trimont's servicing operations team uses a checklist to ensure all elements of the loan setup process are completed in a timely manner and all departments have received the necessary documentation to complete 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; this initiates an e-mail to the special processing team that performs new and modified loan setup in Strategy. The special processing team then generates a report to provide a logic check of key repayment terms that were keyed in to the loan servicing system.

Once the initial setup is complete, the report and pertinent loan documents are forwarded to a designated senior associate or manager for a quality control review and activation in Strategy. Once the loan is activated, a "hello" letter is generated and sent to the borrower along with the assigned asset manager and financial analyst. Bulk transfers, although performed infrequently, are generally handled in the same manner using a data tape from the previous servicer. A Strategy boarding checklist provides a breakdown of the steps necessary to complete the new loan setup process and outlines the chain of events for loanboarding. Once the checklist is complete and an asset is activated in Strategy, an associate performs an additional quality control check to ensure all necessary steps have been taken to complete the process. From the uploading of loan documents, the overall loan setup time in Strategy is about three days.

Within 30 days of closing or assignment for servicing and after receipt of closing documents, the performing asset management team reviews the legal documents to identify servicing compliance requirements, including reporting requirements, and covenant or performance triggers. Compliance requirements are abstracted from the loan documents and recorded in Trimont's compliance tracking application. During the life of the loan, the asset manager or financial analyst will see compliance issues for each deal when logging in to the application portal.

Accounting and Cash Management

Trimont receives payments via wire transfer, automated clearing house and checks. Payment processing is handled by the treasury group, which is responsible for moving funds based on payment postings entered by servicing analysts into 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 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, which is responsible for preparing daily and monthly reconciliations.

As of December 2019, Trimont was responsible for 342 hard and springing lockbox accounts, of which six accounts were activated. In addition, there were 287 loans with active cash management agreements. The company is also responsible for monitoring nine letters of credit (LOCs) associated with commercial loans that are tracked in Strategy. The document control department tracks LOC expirations monthly, with asset managers responsible for obtaining renewals prior to expiration.

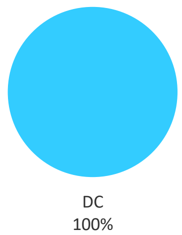
Investor Reporting

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

Prior to external distribution of any reports or remittance of funds to clients, a senior associate or manager from the investor remittance group reviews the remittance reports. Both treasury reconciliation and investor reporting will agree on funding using a proprietary application. Once a funding agreement is reached, cash is remitted. A second level of review is performed at the senior associate/management level within the treasury reconciliation group to ensure disbursement from the collection account matches the remittance report details.

CMBS Servicing Geographic Distribution

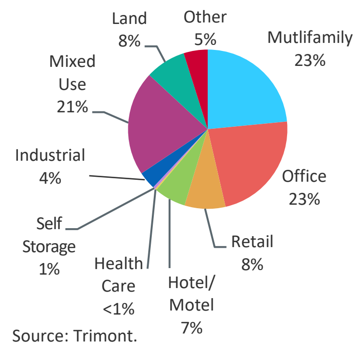
(As of Dec. 31, 2019)



Source: Trimont.

Non-CMBS Servicing Property Type

(As of Dec. 31, 2019)



Source: Trimont.

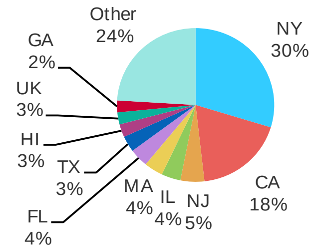
Payment Collections via:

(%)	
Wire	65
ACH	25
Checks	10

ACH – Automated clearing house.
Source: Trimont.

Non-CMBS Servicing Geographic Distribution

(As of Dec. 31, 2019)



Source: Trimont.

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

Trimont maintains tax escrows for approximately 532 of the CRE loans serviced and administers insurance escrow accounts for about 31% of the portfolio. Whereas the company is predominately a third-party servicer, escrow administration is dictated by individual clients to establish and maintain reserve accounts. In 2019, Trimont incurred de minimis tax penalties on six loans as a result of either nonsystematic errors or missed communications involving the borrower, vendor or taxing authority.

The asset management group is responsible for reviewing and processing reserve account draws and disbursements. If a loan requires the escrowing of funds for real estate taxes or insurance, an escrow analysis is performed following the loan setup in Strategy and at least once annually thereafter. Trimont's general policy is to review reserve draw requests 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.

Trimont uses National Tax Search (NTS) to assist in the tax-monitoring process for certain assets and tax authority websites and information supplied directly from the borrower for other assets. 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 nonescrowed assets are tracked in the same manner as escrowed assets when requested by clients. Critical date reports are generated for both escrowed and nonescrowed assets. Trimont obtains evidence of real estate taxes via tax jurisdiction websites and tax payment receipts provided by borrowers. The company requests evidence of renewals on insurance policies from borrowers/sponsors as well as insurance agents.

Portfolio Escrowed for:

(%)	
Taxes	32
Insurance	31

Source: Trimont.

Critical date reports from Strategy are also used to monitor the expiration of UCCs. On a monthly basis, a paralegal reports on UCCs expiring within 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 known as CT Advantage. The document control team tracks the progress of UCC continuations and updates the UCC expiration date upon receipt of recorded continuations. Trimont did not have any loans with UCC lapses within the last 24 months.

During Fitch's review, Trimont management reported approximately 30 formally written requests for forbearance related to the coronavirus pandemic. This resulted in seven loans approved for forbearance.

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 servicing 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. Using OCR, operating statement and rent roll data are automated for input into the servicing system. When required by servicing agreements, notices are sent prior to due dates to remind the appropriate parties that information is coming due. Compliance reports are generated by the database and reviewed by the compliance team with the asset management teams to resolve chronic delinquencies. Trimont corrected and reported all required 2019 annual financial statements by July 31.

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

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 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. In 2019, Trimont completed 100% of its physical property inspections internally, which is noticeably higher than other Fitch-rated servicers. Site inspections on securitized loans are performed in accordance with CREFC guidelines, while tracking and reporting is carried out in Strategy using the system's site inspection form, database and ability to set triggers and initiate workflow.

Trimont's internal system identifies and emails asset managers pending maturity letters 105 days prior to scheduled loan maturity. The asset manager reviews the letter and determines when to notify the borrower after considering the loan's client expectations and any pending extension or modification plans. As of Dec. 31, 2019, 27% of maturing loans were paid in full at maturity and, through 2020, roughly 462 loans totaling $12.9 billion are scheduled to mature.

Borrower consent tracking is executed in the Strategy Web Portal. For balance sheet or securitized loan consent requests, asset managers and their supervisor (and potentially the managing director, depending on complexity) must give approval. For an added level of oversight and input to be sent to the borrower or certificateholder, a recommendation may be presented to Trimont's credit committee. For Freddie Mac consents, all requests adhere to Freddie Mac policies and procedures, including the completion of tasks on designated Freddie Mac laptops, and quality control procedures are utilized to access secure databases. In 2019, Trimont processed 153 consents across all securitizations and separately processed 165 transactions specifically for Freddie Mac.

Customer Service

The assigned asset manager is the primary point of contact for a borrower, and Trimont's policy requires that all inquiries be responded to within 24 hours. Generally asset managers are responsible for approximately 20 sponsor relationships commensurate with a "high touch" servicing model. Trimont does not perform customer service surveys of borrowers; however, senior managers stay in contact with client representatives to monitor performance levels and solicit feedback.

Borrowers who have signed up for Trimont's online borrower website portal (called Vision) are able to submit requests or inquiries via the application that are 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 data.

Special Servicing

As of Dec. 31, 2019, Trimont was the named special servicer for 738 CRE loans totaling $14.7 billion. This represents a decline in loan count from the prior year but a slight 4% increase by balance. As of the same date, securitized loans represented 98% of Trimont's named special servicing portfolio by balance, similar to Fitch's prior review. Named CMBS special servicing consists of 36 transactions, 14 of which are 2019 vintage, and all are new-issue CMBS issued in 2015 or later.

Trimont's named CMBS special servicing portfolio has increased 27% by balance since YE17, reflecting the company's aggressive pursuit of third-party servicing that includes six CRE CLO transactions with 116 loans totaling $3.4 billion. Third-party special servicing appointments represent 24 of 36 transactions for which Trimont is the named special servicer.

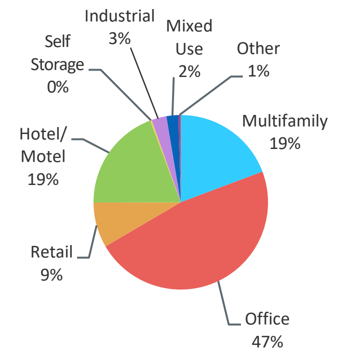
The active specially serviced portfolio increased 42% by balance yoy from 2018, driven by the addition of two securitized loans and one nonsecuritized loan on multifamily properties totaling approximately $47 million. Active nonsecuritized special servicing includes 70 loans with an average balance of less than $3.3 million and 11 REO assets valued at $58.8 million. Trimont's nonsecuritized portfolio includes a variety of small balance CRE assets for a diverse mix of clients, with an average balance of less than $1 million.

Special Servicing Portfolio Overview

	As of Year-End Dec. 31				
	2019	% Change	2018	% Change	2017
CMBS					
No. of Transactions — Special Servicer	36	24	29	38	21
UPB — Special Servicer ($ Mil.)	14,440.6	4	13,839.2	21	11,395.1
No. of Loans — Named Special Servicer	645	0	642	22	528
UPB — Actively Special Servicing (Non-REO) ($ Mil.)	22.4	135	9.5	—	—
No. of Loans — Actively Special Servicing (Non-REO)	2	100	1	—	—
UPB — REO Assets ($ Mil.)	9.5	100	—	(100)	61.9
No. of REO Assets	1	100	—	(100)	1
Non-CMBS					
UPB — Named Special Servicer ($ Mil.)	271.8	(16)	322.6	(35)	493.9
No. of Loans — Named Special Servicer	93	(34)	140	(73)	511
UPB — Actively Special Servicing (Non-REO) ($ Mil.)	199.2	15	172.9	(3)	178.9
No. of Loans — Actively Special Servicing (Non-REO)	70	(4)	73	(71)	248
UPB — REO Assets ($ Mil.)	58.8	166	22.1	(86)	153.9
No. of REO Assets	11	(15)	13	(83)	77

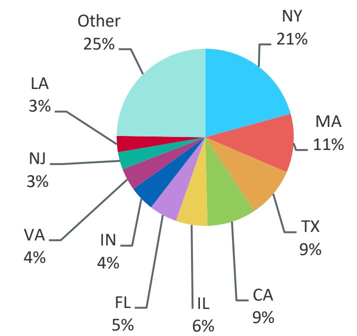
UPB – Unpaid principal balance.
Source: Trimont.

CMBS Named Special Servicing Property Type
(As of Dec. 31, 2019)



Source: Trimont.

CMBS Named Special Servicing Geographic Distribution
(As of Dec. 31, 2019)



Source: Trimont.

Loan Administration

For performing loans where Trimont is the named special servicer, the company's approach to surveillance includes reviewing monthly remittance reports for loans that have been placed on the master servicer's watchlist or have delinquent payments or near-term maturities. Trimont holds ongoing discussions with master servicers about loans for which it is the 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 periodic formal asset review meetings 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 such requests.

Defaulted/Nonperforming Loan Management

Specially 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 a borrower analysis. Reporting and other services provided are determined based on client requirements or, for securitized assets, in accordance with PSA requirements.

Trimont is a third-party service provider and does not invest in CRE debt or equity positions. However, its parent company may invest in these and appoint Trimont as special servicer. Trimont is currently the directing certificateholder for eight transactions where it has been appointed as special servicer.

Trimont uses its application portal database to begin its market research, and it will leverage its broker relationships to provide market information and a potential sales price. The company also has market research resources that include local markets 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 a 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 thereafter — although in practice, Trimont states that ongoing visits often occur much more frequently. The CREFC property inspection form is utilized unless another form is dictated by the client. Once the site inspection is complete, the results are 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 for a nonperforming asset is submitted within 45 days following an 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 the 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. This includes demonstrating how the proposal complies with the applicable PSA, including an NPV analysis of alternative resolution strategies. Once approval is received, the asset manager will send it to the directing holder/operating advisor for approval, as appropriate.

The team leader and in-house counsel ensure the proposed resolution is in compliance with the PSA or other servicing agreement and loan documentation.

Fitch reviewed a sample of business plans for three specially serviced loans and found them to be adequate, with corresponding action plans including valuation analyses to support the proposed workout strategy.

REO Management

The business plan 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. Property managers prepare budgets in conjunction with the asset manager, who is responsible for monitoring expenses.

Trimont has a special website where its REO assets are posted for sale via an automated system in the application portal. There are over 4,000 registered investors who can access this information, which typically includes a picture, an interactive map of the property and contact information for the listing broker.

The credit committee reviews REO business plans and budgets for securitized assets and large balance loans from initial approval to foreclose, or to take a deed-in-lieu prior to becoming an REO and, subsequently, being presented for permission to sell the asset prior to disposition. If a major change occurs to the strategy outlined in a previously approved business plan, an updated plan is presented to the credit committee. Periodic discussions of ongoing workouts and dispositions are also commonplace to keep all parties up to date on the asset's progress through the resolution/disposition process.

Governance and Conflicts of Interest

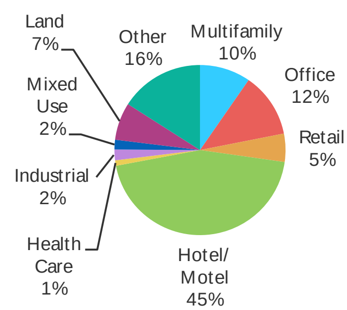
Managing Potential Conflicts

Potential conflicts of interest in special servicing can 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 it is appointed special servicer for CMBS transactions by third-party controlling classholders. The company's policy is to evaluate all workout alternatives before selecting the resolution method that will result in the highest recovery for the CMBS transaction(s) using an NPV-based analysis.

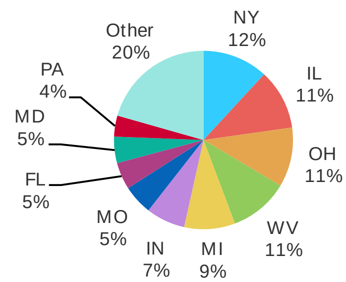
Trimont provided Fitch with its employee handbook, which includes a conduct policy and conflict of interest section. The conflict of interest policy lays out the company's expectation that employees will conduct business according to the highest ethical standards of conduct. Upon being hired, new employees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

Non-CMBS Named Special Servicing Property Type
(As of Dec. 31, 2019)



Source: Trimont.

Non-CMBS Named Special Servicing Geographic Distribution
(As of Dec. 31, 2019)



Source: Trimont.

Trimont is currently servicing 11 non-CMBS REO assets comprising office building, retail and land development loans with a balance of approximately $58.8 million.

handbook. Employees are required annually to review and acknowledge their receipt and understanding in writing.

Affiliate Companies

Trimont does not have any affiliate companies that provide real estate management or broker services. Värde's affiliate companies provide debt and equity capital to CRE investors.