

Three Trimont Real Estate Advisors LLC Commercial Loan Servicing Rankings Affirmed; Outlooks Are Stable

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OVERVIEW:

- We affirmed our rankings on Trimont Real Estate Advisors LLC as a commercial loan primary servicer, commercial loan special servicer, and construction loan servicer.
- Our rankings reflect our opinion of Trimont Real Estate Advisors LLC's solid control and governance framework, a solid leverage of technology systems to manage data and reports to clients, and a reduction in overall employee turnover rates, among other factors.
- The outlook for all three rankings is stable and the financial position is SUFFICIENT.

DALLAS (S&P Global Ratings) July 20, 2017--S&P Global Ratings today affirmed its ABOVE AVERAGE ranking on Trimont Real Estate Advisors LLC (Trimont) as a commercial loan primary servicer. We also affirmed our STRONG rankings on Trimont as both a commercial loan special servicer and construction loan servicer. The outlook for each ranking is stable.

Trimont is a privately owned commercial real estate asset management company with a 28-year operating history. In September 2015, funds controlled by Värde

Partners (Värde) acquired a substantial controlling interest in Trimont. Värde is a \$10 billion global alternative investment firm that invests across a broad array of geographies, segments, and asset types, including real estate, corporate credit, residential mortgages, specialty finance, transportation, and infrastructure. As of Dec. 31, 2016, Trimont's primary servicing portfolio had grown to \$36.7 billion (including approximately \$19 billion in construction loans) with 2,480 loans collateralized by more than 3,200 properties. As of the same date, the company was the named special servicer on 15 commercial mortgage-backed securities (CMBS) transactions containing 100 loans with a total outstanding balance of over \$7 billion. As of Dec. 31, 2016, Trimont's active special servicing portfolio consisted of approximately 770 loans and real estate-owned (REO) assets with an outstanding balance of \$518.5 million.

Trimont provides a full range of services to real estate lenders and investors on both debt and equity investments. Since our last review, the company streamlined its operations to eliminate potential conflicts and distractions and will focus on six areas: loan servicing, primary asset management, special asset management, construction loan administration, bond administration, and asset underwriting and advisory. The company's portfolio includes mezzanine fund assets, redevelopment and construction loan servicing, and special servicing associated with securitized and nonsecuritized transactions, real estate equity fund assets, REO assets, small loan disposition assignments, CMBS special servicing, and permanent mortgage primary servicing (mainly for institutional clients).

In 2016, First City Financial Corp.'s (FCFC's) former servicing operations and its approximately 1,500 assets totaling \$1 billion in unpaid principal balance were integrated with Trimont. This integration also provided a new Dallas office for Trimont, which is locally managed by a seasoned and long tenured staff member.

In addition, the three Trimont principals left the company as planned during 2016 following the firm's hiring of a seasoned CEO at the beginning of that year. After the integration of FCFC and some restructuring, the CEO added several key leadership positions around the core businesses, including the chief human resource officer, who started in March 2016, the chief operating officer, who joined in September 2016, and the chief financial officer, who started in January 2017.

Our rankings reflect:

- A lengthy and successful track record with extensive commercial real estate expertise;
- A solid control and governance framework, including proactive policies and procedures, internal/external audits, compliance, and prudent approval matrices;
- A solid leverage of technology systems to manage data and reports to clients;
- Well-developed processes and specialization in construction asset

management; and

- Lower employee turnover rates over the past year, which are more in line with industry peers and other highly ranked servicers; although several leadership changes were made with the integration of the FCFC platform.

The outlook for all three rankings is stable. We based our outlook on Trimont's successful track record in managing a diverse commercial mortgage loan portfolio from a variety of capital sources. The company has historically had strong management and organization. It continues to invest in additional technology systems and upgrades, and it expects to enhance its organizational effectiveness through its recent leadership restructure.

The financial position is SUFFICIENT.

RELATED CRITERIA

- Criteria - Structured Finance - Servicer Evaluations: Revised Criteria For Including RMBS, CMBS, And ABS Servicers On Standard & Poor's Select Servicer List, April 16, 2009
- Criteria - Structured Finance - Servicer Evaluations: Servicer Evaluation Ranking Criteria: U.S., Sept. 21, 2004

RELATED RESEARCH

- Select Servicer List, June 2, 2017
- Servicer Evaluation: Trimont Real Estate Advisors Inc., Jan. 5, 2016

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