FitchRatings

Trimont Real Estate Advisors, LLC

Ratings[a]

Commercial Primary Servicer	CPS2
Commercial Special Servicer	CSS2

[a]Last rating action: August 2022.

Applicable Criteria

Criteria for Rating Loan Servicers (February 2020)

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

Related Research

Fitch Takes Various Actions on Trimont's Commercial Primary & Special Servicer Ratings (August 2022)

Trimont Real Estate Advisors, LLC (Trimont, or the company) is a privately held company controlled by investment funds controlled by Värde Partners. Trimont 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, information management services, and operating advisor assignments in securitized transactions. Primary and special servicing are performed predominately for third-party clients, of which Trimont has a diverse mix of capital market participants.

In December 2021, Värde completed the recapitalization of its investment in Trimont, with a new open-ended fund ownership structure, intending to provide additional stability and long-term growth avenues for the company, with the appointment of a new CEO, who was previously the head of Trimont's European operations since 2018. The recapitalization will focus on long term organic growth within the business, including an expanded scope of operations in foreign markets. However, the in-place senior management, governance systems, and general day to day operations are not expected to adversely change in the near-term.

During 2022 and 2021, Trimont added 12 new securitized deals to its portfolio, including three CLOs, totaling over $7.0 billion in balance. Of the new transactions, Trimont provides special servicer services on three and sub-servicer services on one. Since March 2020, Trimont has managed or resolved over $3.2 billion in CMBS/CLO assets. Of said transfers, 70% by balance have been returned to the master servicer and 5% have been fully paid down. During discussions with senior management, Trimont noted that during the latter half of 2021, COVID related requests for accommodation or modification were limited.

Within servicing, Trimont maintains 182 employees who are dedicated to primary servicing and 16 employees who are dedicated to special servicing; the majority of employees operate within the firm's office in Atlanta, Georgia. Other offices, primarily seating credit asset management employees, include Dallas, Kansas City, Los Angeles, Dublin, New York, London, and Sydney. As the primary servicing portfolio continues to grow, Trimont has committed to shoring up its staffing needs, with the primary servicing group growing to 182, up from 142 at the time of last review.

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 each of these rating levels, Fitch further differentiates ratings by plus (+) and minus (–) as well as the flat rating.

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Key Rating Drivers

Company/Management: Trimont is owned by funds controlled by Värde Partners. The firm's core services are primarily comprised of the following three offerings: credit and asset management services, operational services, and investment advisory services. Through these central offerings, the firm executes its servicing operations, providing clients with servicing and asset management involving complex performing and non-performing credit with regard to commercial real estate. In late 2021, Värde completed the recapitalization of its investment in Trimont, with a new open-ended fund ownership structure, intending to provide additional stability and long-term growth avenues for the company, including the appointment of a new CEO.

Staffing and Training: Trimont's employees, particularly special servicing asset managers, have diverse industry experience and a broad depth of CRE knowledge. Fitch notes as a concern that primary and special servicing employees have had high overall turnover for the past six years, one of the longest trends among Fitch rated servicers. Fitch notes that Trimont continues to maintain strong management industry experience and tenure across both groups as well as a robust training program.

Aggregate turnover among primary servicing employees remained high for the sixth consecutive year at 46%, an increase from 25% the prior year. This heightened turnover is somewhat offset by the company's historically robust and experienced management team of seven senior managers and 84 middle managers within the primary servicing function. Total special servicing employee turnover was likewise high for the sixth straight year at 29%, down from 70% yoy. Fitch identified nine special servicing employees as asset managers averaging 27 years of industry experience and ten years of tenure and who are actively working out defaulted loans, with an assets-to-asset manager ratio of 18:1. While the assets-to-asset manager ratio is high compared to peers, Trimont maintains a high degree of staffing flexibility and primary servicing asset management staff with special servicing experience can be utilized if volume demands.

Technology: McCracken's Strategy loan servicing application, release 19D, is the system of record, which is expected to be upgraded to 19F late this year. It is supplemented with integrated proprietary applications to gain efficiencies and controls within servicing operations. In early 2021, Trimont retired five proprietary treasury and cash management tools, while simultaneously converting functionality to the Strategy platform; however, Trimont subsequently reverted to its prior treasury and cash management suite of applications after noting issues with the new system. During 2021 and early 2022, the company continued to expand upon the features of Backshop, including enhancements with regard to compliance as well as operating financials management. Future enhancements including NPV and multiple scenario analysis. Additionally, Trimont has 18 employees dedicated to ensuring the IT environment is secure, performing well and meeting clients' needs, which was stable year over year.

Loan Administration: Core servicing operations are performed in-house, as well as customer-facing and back-office functions that include payment processing and escrow administration. Given challenges in the labor market, Trimont expanded its outsourcing relationship with a third-party vendor and currently outsources certain primary servicing functions, such as flood zone determinations, insurance compliance, payoff quotes, financial statement and rent roll data entry, capital expenditure draws, and draw reviews. 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 compliance. The servicing groups utilize policies and procedures for loan servicing functions that are supplemented by desktop procedures for certain functions; policies and procedures comprise a high-level overview of processes.

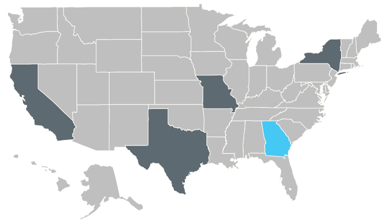
Procedures and Controls: Trimont's control environment consists of high level policies and procedures, workflow technology and system reporting, management quality control reviews and an internal audit department to independently verify that its control environment is properly functioning. However, Trimont's recent USAP and Reg AB external audits contained two issues of material noncompliance involving bank reconciliations and escrow analyses. Both of the findings were noted to not be isolated events; however, borrowers' funds were not impacted by any of the activity noted within the audits. Fitch notes as a concern the multiple

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 5%
Financial Condition	■	Stable Outlook
Staffing	▲	Staffing growth in primary servicing
Technology	■	Stable technology suite given portfolio
Internal Controls	▼	Multiple material external audit findings
Servicing Operations	■	Stable operations, no material changes year-over-year

Source: Fitch Ratings.

material external audit findings indicating that the company’s internal control environment was not operating effectively. Previously, Trimont has not had material external audit findings.

Fitch reviewed the findings with Trimont's senior management team as well as the remediating actions with regard to the findings including updates to both its compliance and internal audit functions (including leveraging outsourcing partners for internal audit resourcing) and the functions themselves. While Fitch views the remediating actions as a positive, it also notes that a key feature of highly rated servicers is a governance environment with a history of demonstrated proficiency and no material audit findings.

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.

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

Company Overview

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

Private investment funds controlled by Värde, 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.

Servicing Portfolio Overview

	3/31/22	% Change	12/31/21	% Change	12/31/20
Total Servicing					
UPB ($ Mil.)	87,478.5	10	79,753.7	16	68,853.9
No. of Loans	2,481	6	2,340	4	2,241
Primary Servicing					
UPB ($ Mil.)	87,478.5	10	79,753.7	16	68,853.9
No. of Loans	2,481	6	2,340	4	2,241
Special Servicing — Named					
UPB ($ Mil.)	17,355.1	10	15,803.8	12	14,123.2
No. of Loans	469	(7)	504	(14)	585
Special Servicing — Active[a]					
UPB ($ Mil.)	821.4	(47)	1,546.3	(48)	2,968.5
No. of Loans	44	(14)	51	(59)	124

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

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.

As Trimont's servicing portfolio has grown to $87.5 billion, up from $68.9 billion at year-end 2020, the company continues to add new clients and new assignments from existing clients, particularly large institutional investors, to drive portfolio growth. With the recent recapitalization, Trimont plans to further grow its business lines in coming years, both domestically and internationally.

Trimont's core services are comprised of: credit and asset management services, operational services, and investment advisory services. Credit and asset management helps clients manage their capital through primary and special servicing functions, which also include property financial surveillance, asset business plan development, and construction loan administration. Operational services include the following sub-functions: loan servicing, tax, remittance, portfolio management, insurance, and cash processing. Trimont's investment advisory services provide underwriting, due diligence, and credit valuation analytics services. Through these central offerings, the firm executes its servicing operations, providing clients with servicing and asset management involving complex performing and non-performing credit with regard to commercial real estate, The firm also provides proprietary technological offerings via Triview, the firm's client facing CRE analytical platform.

In December 2021, Värde completed the recapitalization of its investment in Trimont, with a new open-ended fund ownership structure, intending to provide additional stability and long-term growth avenues for the company, with the appointment of a new CEO, who was previously the head of Trimont's European operations since 2018. During discussions with Trimont, senior management discussed that the recapitalization will focus on long term organic growth within the business, including an expanded scope of operations in foreign markets. While the scope and vision of Trimont has expanded, the in-place senior management, governance systems, and general day to day operations are not expected to adversely change in the near-term.

As of December 31, 2021, Trimont serviced and asset managed over $498 billion of invested capital since the firm's inception in 1988, comprising over 27,950 assets. The company continues to expand its clientele with 260 active clients as of year-end 2021, up from 250 as of year-end

2020. Trimont's client base includes global investment banks, domestic and international banks, life insurance companies, private equity funds, and real estate investment managers.

Securitized special servicing assignments are obtained primarily from more than 28 third-party CCRs representing 88% of named special servicing assignments by transaction count, with a minority of its securitized special servicing portfolio controlled by its ultimate parent, Värde (12%), consistent with previous years. Throughout 2022 and 2021, the firm added 12 new transactions to its portfolio totaling over $7.0 billion in UPB, including three CLOs.

Trimont, with more than 260 employees domestically (up from 241 as of December 31, 2020), has offices in Atlanta, Los Angeles, Dallas, Kansas City, MO and New York City. With regard to domestic offices, the Kansas City office has seen the much growth year over year, expanding to 33 team members as of 1Q 2022, up from 16 employees in 2021.

The company also has three international offices in London, Dublin and Sydney to support European and Asian commercial loan servicing. The international offices' operations were not evaluated as part of Fitch's review; however, Trimont remains dedicated to growing its international presence, consistent with previous year initiatives included noted large growth in the London office. As of Q1 2022, Trimont's European offices managed over 200 assets totaling $35 billion in commitment, up from over 100 assets at YE 2020, totaling over $15 billion in commitments. Concurrently, Trimont's APAC region has also grown year over year, with Q1 2022 standing at 34 assets, totaling $4 billion, up from YE2020's 12 assets and $1 billion. This international growth is consistent with the company's goal of growing both its onshore and offshore presence in the coming years.

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 slight increase on EBITDA and revenue trends in 2021 due to an increase in performance.

Performing and Non-Performing Credit and Asset Management service lines accounted for approximately 53% and 24% of total revenue. The Credit Administration and Investment Advisory service lines account for approximately 15% and 8% of total revenue. .Compared to 2020 receivables have meaningfully increased, mainly due to an allocated allowance for doubtful accounts totaling $729,993 vs $211,256 in 2020.

Currently the company has no outstanding debt. In 2021, the company underwent a recapitalization event resulting in the establishment of an open-ended evergreen fund structure. The company also expect to strong revenue growth in 2022 from a mix of the company's performing and non-performing service lines.

Employees

As of Dec. 31, 2021, the servicing groups within Trimont comprise 198 employees who are fully dedicated to primary and special servicing, up from 161 employees in 2020. Of the 198 employees, 182 are dedicated to primary servicing, and 16 focus primarily on special servicing. Primary servicing staffing growth reflects growth within the primary servicing portfolio throughout 2021. Additionally, the number of special servicing employees, which consist of dedicated credit and asset management team members, declined by three from the prior year of 19. The Kansas City office, opened in 2019, continues to grow, increasing to 27 primary servicing employees, up from 11 the prior year, while also growing from other areas of the company.

Employee Statistics

	2021				2020			
	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	7	25	10	15	6	24	10	54
Middle Management	84	14	5	46	25	20	12	17
Servicing Staff	91	6	3	49	111	10	5	26
Total	**182**	—	—	**46**	**142**	—	—	**25**
Special Servicing								
Senior Management	1	21	21	0	1	20	20	67
Middle Management	10	25	9	24	7	29	8	50
Servicing Staff	5	14	7	38	11	13	5	82
Total	**16**	—	—	**29**	**19**	—	—	**70**

Source: Trimont.

Primary Servicing

Trimont's primary servicing function is encompassed by the firm's credit and asset management and operational services functions with 124 and 58 employees, respectively. Within these groups. employees are divided into sub-functions, each of which are devoted to a specified pool of assets, in some cases bifurcated by large institutional clients.

Primary servicing turnover remains high year over year, with a total function turnover of 46%. The company has experienced high overall primary servicing turnover for the past six consecutive years. In the last 12 months, management turnover was 43%. Senior management turnover fell to 15% from 54% year over year with the involuntary departure of one CAM senior manager; at the middle management level, 25 separations were noted, including 24 voluntary and one involuntary, resulting in 46% turnover at the middle manager level. Concurrently, there were 49 staff-level separations in 2021 resulting in 49% staff-level turnover, which was comprised of five involuntary departures and 44 voluntary separations.

Overall, Trimont continues to retain a strong, highly experienced management team. Senior managers average 25 years of industry experience and 10 years of tenure, and primary servicing middle managers provide sufficient management depth averaging 14 years of industry experience and five years with Trimont. The servicing staff maintains adequate experience levels averaging six years of industry experience and three years with the company.

The majority of the primary servicing staff is based in Atlanta, with additional support in Dallas, Kansas City and Los Angeles or working remotely. The majority of the growth within the group was realized in the Atlanta office, where the team increased by 57 members, followed by 22 new team members in the Kansas City office, as well as 11 new additions in the Dallas office.

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 sixth consecutive year of high overall primary servicing turnover: 46% for 2021 versus 25% and 24% in 2020 and 2019, respectively. While Fitch is concerned by the longest trend of heightened turnover among rated primary servicers, Trimontcontinues to maintain an experienced management team of seven senior managers and 84 middle managers who collectively average 14 years of industry experience and 6 years of tenure.

Special Servicing

The special servicing group is comprised of a senior manager with 21 years of industry experience and 21 years of tenure; ten supporting middle managers averaging 25 years of industry experience and nine years with the company; and five staff members, averaging 14 years of industry experience and seven years of tenure with Trimont. Overall special servicing turnover was high at 29% in the last 12 months, down from 70% year over year and in line with 2019 figures. The turnover included two middle management departures, as well as three staff level departures, all of which were voluntary separations. Management turnover for special servicing was 21%, down from 53% at the time of last review, and asset manager turnover increased to 38%, up from 27% and 22% in 2020 and 2019, respectively.

Fitch also notes overall turnover for special servicing employees as a concern, including asset managers, which has exceeded 25% for six consecutive years. Overall special servicing turnover was high at 29% in the last 12 months, down from 70% year over year and in line with 2019 figures.

Fitch identified nine special servicing employees as asset managers averaging 27 years of industry experience and ten years of tenure and who are actively working out defaulted loans. Given the small size of the REO portfolio, Trimont has one dedicated REO manager focused on implementing business plans and marketing assets. Fitch calculated an assets-to asset manager ratio of 18:1, which was high compared to peers and in line with the previous review. As a mitigating factor, Trimont's servicing functions have a high degree of flexibility with regard to team members, and primary servicing asset management staff with special servicing experience can be utilized if volume demands. Asset managers are supported by staff-level analysts and 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 nine employees in Atlanta, four in Dallas, one in Kansas City, and two working remotely.

Training

Employee training is directed by senior management and the company's dedicated training manager who 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.

Trimont maintains a strong training program, with a large number of training courses specifically targeting the development of asset management and servicing skills, including an extensive DEI training program, which includes an additional two dedicated courses. The courses addressed unconscious bias and also included a women's forum.

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 and offer over 800 on-demand e-learning courses ranging from Microsoft Office applications to soft skills and leadership development.

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 University requires employees to complete a specific curriculum including courses covering security and compliance, employee relations, commercial real estate fundamentals, general policies and procedures, proprietary Trimont systems, and customer service. Furthermore, there are additional courses that are required for specific roles and departments, including programs related to real estate law, lease review, taxes, insurance, and other certification courses. In 2021, primary servicing employees averaged 38 hours per employee, while special servicing employees averaged 50 hours of training, which is higher than the average Fitch-rated servicer.

Additionally, Trimont maintains a partnership with NYU Schack Institute of Real Estate to offer an online certificate program for employees. NYU provides Trimont with ten courses, designed to offer a solid framework for understanding CRE and financial analysis. Employees are offered the choice to select five courses most appropriate for their respective role and skill level. Once the courses are completed, the employees are distinguished with a certification from NYU. All of the ten courses in the certificate program are taught online by NYU professors and are offered across five mini-semesters to accommodate the employees' schedules, offering convenient flexibility alongside the certification process.

In 2020, Trimont shifted its training initiatives to accommodate the work-from-home environment and meet the challenges of the ongoing COVID-19 pandemic, placing an additional focus on enhancing the remote learning experience through web-based training, e-learning, and small virtual group sessions. Additionally, an emphasis was placed on live web based courses surrounding new systems implementations where applicable. While the company began returning to the office earlier this year with a hybrid schedule, it plans to continue to leverage electronic learning in the coming years. Furthermore, Trimont continued to commit to its diversity, equality, and inclusion initiative (DEI), with the intent to enhance the company's awareness among its employees. The initiative provides consistent training on issues related to bias, inclusion, and other talent management concerns related to inclusion, as well as the establishment of four senior management DEI committees focused on career, culture, community, and communication, respectively.

Operational Infrastructure

Outsourcing

Given challenges in the labor market, Trimont expanded its outsourcing relationship with a an offshore third-party vendor and the company currently outsources certain primary servicing functions, such as: flood zone determinations, insurance compliance, payoff quotes, financial statement and rent roll data entry, capital expenditure draws, and draw reviews.. Prior to this expansion of duties, the vendor assisted with data entry of rent rolls and the calculation of lodging metrics and is granted access to Backshop, where their employees enter the data manually, upon which it is reviewed by Trimont.

Currently, neither the special servicing nor the primary servicing groups outsource core asset management or servicing functions. 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 manager responsible for hiring the vendor and the director of risk management. The manager is responsible for defining 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.

In 2021, Trimont introduced a new vendor management policy, intending to further develop the assessment process while concurrently improving the review of data security touchpoints. These enhanced reviews are also conducing more robust vendor review, including the collection of both SOC I and SOC II audits, disaster recovery tests, and other related financial and insurance information. Since the new policy's instantiation, eight new vendor assessments have been conducted, with 15 high or medium critical vendor assessments also finalized. Trimont notes that a high criticality vendor is a vendor who provides critical products or services, the loss of which for more than two days would materially disrupt Trimont's ability to properly and securely conduct operations.

The manager is responsible for monitoring vendor performance relative to agreed-upon service levels during the engagement. 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 which are comprised of professionals with whom Trimont has had favorable experiences.

Information Technology

Trimont uses McCracken Financial Solutions' Strategy system, release 19D with an application service provider license for primary loan servicing, with management noting that the company is currently upgrading to 19F, with Trimont noting that the transition is expected to be completed later this year. The update is expected to bring the latest security protocols, as well a collection of minor upgrades to the underlying system. The company utilizes several different Strategy modules, including loan administration and investor processing and reporting modules. In early 2021, Trimont retired five proprietary treasury and cash management tools, while simultaneously transitioning the functions into the Strategy platform; however, after issues faced with the new treasury function, Trimont has subsequently reverted the change to its previous state which utilizes a proprietary treasury application. Loan documents are retained within Documentum, Trimont's document management repository.

Trimont uses Backshop version 7.2 as a centralized asset management application for special servicing. Backshop is well-integrated with Strategy, as loans boarded into Strategy are automatically synchronized with Backshop, and both systems are integrated with Trimont's data warehouse. Backshop is currently utilized by two other Fitch-rated servicers for special servicing loan administration. Trimont has boarded all clients, including securitized and non-securitized, into Backshop. Additionally, all securitized loans are utilizing Backshop workflow

Trimont maintains several ancillary systems to support loan servicing functions. Recently, the company reverted its treasury centralization initiative noted at the time of last review given recent system related issues, with a proprietary treasury application being utilized once again.

In 2019, Trimont implemented Backshop for special servicing, which is currently utilized for covenant and compliance tracking, with more traditional asset management functionality to be installed over coming years. Progress implementing operating statement, and rent roll integration has been completed, with automated covenant testing, NPV analysis, and multiple scenario analysis functionality expected to be implemented into the system in 2023 and 2024.

for consents, and some securitized deals are leveraging the covenant tracking within the offering.

Since Fitch's last review, Trimont has continued to expand upon the features of Backshop, including enhancements with regard to compliance as well as managing operating financial statements. The compliance updates included migrating the internal compliance database onto Backshop's repository, while also utilizing the company's offshore resources to assist with maintenance of the data. Similar to the compliance updates to Backshop, offshore resources are also now being utilized in the setup of operating financial statements within the asset management system, including both financials and rent rolls, all of which have been migrated from Strategy to Backshop. Trimont also noted that other proprietary software was also redesigned and deployed with the expansion of Backshop, including the housing of all compliance requirements within the system, further committing the company to it as a core asset management system. Over the course of the next twelve months, Trimont expects to further implement Backshop's functionality with the deployment of automated covenant testing and a fee module.

In 2020, Trimont deployed the next iteration of its proprietary client-facing web portal, Triview, delivering client-specific information such as enhanced reporting and performance analytics. The enhancements in the 2020 deployments include compliance data functionality for clients covering required documents from borrowers (financial statements, tax returns, bank statements, etc.). The submissions are then documented by Trimont, noting the fulfillment of required uploads. Future enhancements in 2023 will include a Triview application programming interface (API) layer, which is currently being developed, among other enhancements. The API enhancements will permit clients to access real time data and increased data interconnectivity and is expected to be available for clients in 2023. Fitch views the initiative as a positive, noting that API integration and availability are consistently key goals of highly rated servicers. Furthermore, Trimont recently conducted a penetration test on the web portal in June 2021, with another penetration test scheduled for later this year.

Trimont also uses a proprietary web application to track the time spent by employees on specific tasks to better understand process efficiencies. Employees enter the activity performed, the client that the activity was assisting if applicable, any kind of note, and total hours spent. Managers can then sort the data based on any of the previously mentioned factors, as well as by employee. The firm intends to use the propriety software to assist with time saving initiatives in the future, as well as guiding further technology related investments.

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. Strategy produces a set of standard reports, with Trimont creating ad hoc reporting as necessary. Trimont also maintains a data warehouse, established in 2019, which is utilized to process the majority of the firm's reports, specifically reports largely related to Strategy tables.

The company utilizes its OCR platform, Lucro, a third-party application, to systematically extract data from operating statements. Operating statements are automatically loaded every 15 minutes into both Strategy and Backshop via a flat file created by Lucro. Subsequent to last review, the company consolidated operating statement storage and analysis in Backshop . Employees review all of the operating statements loaded into the systems for accuracy. Rent rolls and lodging occupancy metrics are manually entered into Backshop by a third-party firm.

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. While Fitch noted limitations of Trimont's current borrower portal compared to peers, the company is in the beginning stages of developing a new borrower website within Triview which is expected to be completed in 2023.

The company annually engages a cybersecurity vendor to monitor and respond to threats and vulnerabilities, while also alerting the firm to the events. Trimont regularly conducts third-party penetration testing on its systems to detect security vulnerabilities. The latest reliability test, assessed by a third party in September 2021, showed no critical or high importance findings.

Trimont utilizes OCR to capture and digitize operating statements uploading them into Backshop. This saves time and resources for the company and is a characteristic of servicers rated highly by Fitch. Furthermore, the company recently consolidated operating statement storage and analysis solely within Backshop, a previous multiyear objective of Trimont.

Trimont's borrower website is currently more limited in functionality compared to highly rated peers. Fitch notes that servicers have continued to invest in borrower related websites, focusing on the ability to receive consent requests, replacement reserve requests, tax receipts and evidence of completion of repairs, and start and cancel ACH payments. Further enhancements include RPA integration with functionality such as document uploads and subsequent OCR ingestion for financial statements. Trimont is planning to introduce a new borrower portal within Triview in 2023.

Furthermore, Trimont runs internal security scans on an ongoing basis, including a formal patching program which also performs testing against internal systems, monitoring the efficacy of the firm's defenses.

Trimont has 18 employees dedicated to ensuring the IT environment is secure, performing well and meeting clients' needs, which was stable year over year. IT 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 as well as software changes or updates. The plan, which is tested annually by Trimont, calls for a four-hour recovery of critical systems, among the shortest recovery times of Fitch-rated servicers. The plan was most recently tested in April 2021 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 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 company-wide test occurred in April 2021 with no material findings. Should an event of disaster occur, employees can access systems through the company's virtual private network.

In the event Trimont is unable to access its office for extended periods, it will employ a work-from-home protocol and, if needed, contact the building manager for alternate space on a temporary basis. If the building manager cannot provide sufficient space, Trimont will contact surrounding hotels for use of their meeting spaces until a more permanent solution is established. In 2020, Trimont implemented a work from home protocol in response to the pandemic beginning in March and operations have continued without disruption. Earlier this year, Trimont began to institute its return to office, which involves a hybrid approach similar to that instituted by other rated Fitch servicers.

Trimont's business continuity infrastructure has supported all servicing employees working remotely during the coronavirus pandemic. Earlier this year, the company instituted a hybrid work schedule, consistent with other highly rated servicers.

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.

Governance

Trimont's control environment consists of high level policies and procedures, workflow technology and system reporting, management quality control reviews, a dedicated compliance group which performs servicing agreements testing, and an internal audit department to perform independent verification that its control environment is properly functioning. Fitch notes as a concern the material external audit findings in Trimont's recent USAP and Reg AB audits indicating that the company's internal control environment was not operating effectively, Previously, Trimont has not had material external audit findings. .

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 a description of the function but not the specific instructions to perform servicing functions. The company maintains 19 desktop procedures providing more detail. A policy coordinator ensures each policy section is reviewed annually and updated as necessary. Policy and procedure revisions must be approved by the respective department head prior to implementation.

The company reviews its policies and procedures annually, with the suite of documents most recently reviewed in 2021 and 2022, at which point 63% of P&P were revised, consistent with previous years. Trimont continues to update and prioritize its information security policy to better reflect evolving industry and internal standards. The security policy has been published and fully distributed within the firm, consistent with previous years. Trimont continues to update its policies and procedures with regard to the recent cash management function changes over the past few years, which have now moved away from the initial consolidation within Strategy. Other than the policies and procedures noted above, Fitch reviewed the residual policies and procedures and noted no material changes to the documents yoy.

The loan servicing group maintains 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 insurance 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.

Fitch notes as a concern that Trimont's system driven quality controls did not identify late or incomplete escrow analyses, indicating a potential weakness in the first line of defense. Since the external audit findings, ithe primary servicing group developed more in-depth monthly exception reports to better monitor the timeliness of escrow analyses.

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.

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 which is comprised of one compliance director with 21 years of industry experience, who reports to the chief legal officer, as well as two other internal resources who are available to assist as needed. The compliance director 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.

Fitch notes that Trimont's independent compliance department is focused on routinely testing compliance with servicing processes, similar to comparable compliance departments at other Fitch-rated servicers. The department focuses on both securitized and more recently non-securitized loans. In response to the identified Escrow issues captured within the year-over-year external audits, Trimont's compliance team has developed a new program to further test all applicable key points regarding RegAB and USAP's criteria. This new program will be conducted twice per year, and given the recent findings it will also include a focus on escrow analysis. The results of the biannual external audit compliance testing will be shared directly with senior management, including the senior managing director of credit administration, the chief commercial officer, the director of compliance, the chief legal officer, and the chief operating officer.

Trimont's compliance group initially focused on reviewing securitized loans and expanded its scope to include non-securitized loans and policy and procedure compliance. Subsequenet to last review, the group has also instituted further biannual compliance testing with regard to RegAB and USAP's respective criteria. In light of the recent external audit findings, Fitch views the expansion of the group's role as a positive; however, Fitch notes that compliance testing did not identify issues related to recent external audit findings.The compliance group is expected to begin targeted testing on affected areas beginning in 3Q2022.

Additionally, during discussions with Trimont's senior management it was noted that the compliance team will also perform targeted quarterly monitoring on its tax and insurance escrow exception reports to ensure that there are no further issues or adverse trends during the course of operations. Initial quarterly reviews are expected to commence in 3Q2022, with subsequent reviews to follow. Any findings with regard to the operations of said reports will be reported to Trimont's senior management team for further consideration and action.

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 maintains a credit committee to review business plans for large loan modifications, foreclosures, and note and REO sales within securitizations. 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 meets 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 independent of servicing, reporting to the CFO. The internal audit group performed four audits in 2021, change of management, global information services, special servicing, property tax, and servicing agreements. Fitch reviewed the audits and noted that there were only minor findings, which included relevant management responses and remediation plans. The group also is responsible for managing third-party audits such as Regulation AB, USAP, and SOC audits.

Despite this year's external audit findings, Trimont's internal audit group has a history of demonstrated proficiency in providing annual internal audits with multiple years of no material findings. However, Fitch notes that external audit issues were ultimately not identified by Trimont's third line of defense.

Following recent external audit findings, the company intends to further bolster its internal audit resources while concurrently expanding its effective scope. The group expects to bring another full team member onboard later this year, while it also expects to leverage it offshore vendor for internal audit resources in the future. The 2022 internal audit is expected to touch the following functions: deal setup, insurance, movement of funds, loan payoffs, property taxes, service fee billing, Triview, and escrow analysis.

External Audit

During 2021, Trimont's USAP and RegAB external audits issued qualified findings with regard to bank reconciliations and escrow analyses. The Reg AB external audit letter from Grant Thornton dated Feb. 28, 2022, found that critical bank reconciliations were not being completed in a timely manner. Management stated that the bank reconciliation issues were a result of the recent February 2021 transition to a new suite of treasury applications within Strategy. The company noted that the lapses were self-identified in June 2021 and occurred over a five month period from Feb. 2021 to June 2021. Subsequent to the transition back to its propriety treasury systems in 3Q2021, Trimont noted that it has not observed any issues. Trimont also noted that no borrower funds were impacted by the bank reconciliation lapses.

The USAP letter from Grant Thornton dated Feb. 28, 2022 also found that bank reconciliations were not done timely in addition to escrow analyses were not being completed in a timely manner within the review scope. The escrow analysis lapses were not related to the February 2021 Strategy treasury function transition, but instead the high amount of turnover faced by Trimont over the past years. During discussions with Trimont's senior management, it was noted that the issues were not self-identified and could potentially be identified again during the next round of external audits. To remediate the issues, Trimont has been administering additional training to its escrow staff, while also adding additional full-time staff, including the addition of two full-time internal team members, as well as a resource from the company's offshore outsourcing vendor.

Trimont has also committed to expanding its compliance function to better ensure that such findings will not occur again. First, Trimont notes that the compliance team has developed a new program to explicitly test compliance with RegAB and USAP's criteria twice per year, including the escrow function. The results of this program are to be shared with senior management, including the senior managing director of credit administration, the chief commercial officer, the director of compliance, the chief legal officer, and the chief operating officer. Additionally, the compliance group will also conduct quarterly monitoring of the tax and insurance escrow exception reports to identify any adverse trends, the first of which will be carried out in 3Q2022. The results of this monitoring are to be reported directly to senior management. Furthermore, Trimont notes that the internal audit function will play a similar but separate role, also auditing the application and effectiveness of escrow analysis related controls. Said audit will also be reported directly to senior management. Trimont notes that these governance changes, along with operational changes within the escrow function, are expected to ensure future compliance with both internal and external standards.

During late 2021, Trimont completed its first SOC2 external audit, reviewed by Fitch, which did not contain any findings and stated that Trimont was in compliance with minimum servicing standards. Additionally, during early 2022 Trimont also completed its SOC1 external audit, which also came back unqualified. Both audits were conducted by Grant Thorton. The SOC1 report is an audit of the entire servicing platform relevant to internal controls over financial reporting and the related technology. The SOC2 report details the control environment with respect to the company's internal controls involving security, availability, processing integrity, confidentiality and privacy.

Primary Servicing

As of March 31, 2022, Trimont's total primary servicing portfolio comprised 2,481 CRE loans with an aggregate unpaid principal balance (UPB) of $87.5 billion. Subsequent to year end 2019, Trimont's primary servicing portfolio increased 33% by balance while the loan count increased slightly by 7%, reflecting a continued consolidation of the portfolio into larger balance loans.

The majority of primary servicing is performed for third-party institutional investors with about 6% on behalf of life insurance companies, consistent with previous years. The company's diverse primary servicing portfolio is primarily weighted towards multifamily backed loans, comprising 37% of the total loan count, trailed by lodging, office, and mixed use backed loans, which comprise 16%, 15%, and 10% of the portfolio, respectively. Trimont's diverse servicing portfolio is consistent with its staff's wide-ranging knowledge and deep experience base, in line with previous reviews.

Primary Servicing Portfolio Overview

	3/31/22	% Change	12/31/21	% Change	12/31/20
Securitized					
No. of Transactions — Primary Servicer	10	11	9	200	3
UPB — Primary Servicing ($ Mil.)	4,894.3	(5)	5,143.1	1065	441.5
No. of Loans — Primary Servicing	136	(9)	149	2880	5
Non-Securitized					
UPB ($ Mil.)	82,584.2	11	74,610.6	9	68,412.5
No. of Loans	2,345	7	2,191	(2)	2,236

UPB – Unpaid principal balance.
Source: Trimont.

New Loan Setup

Trimont's servicing operations team tracks each step in the boarding process through Strategy web portal from document receipt to the actual passing of the loan in Strategy to ensure all elements of the loan setup process are completed in a timely manner. When executed core loan documents are received, they are routed to the document control group for uploading to the document repository. The special processing team enters the loan information in Strategy and 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. 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.

The treasury group uses a report for account reconciliation which matches 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 2021, Trimont was responsible for 510 hard and springing lockbox accounts, of which 33 accounts were activated. In addition, there were 380 loans with active cash management agreements. The company is also responsible for monitoring 14 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. 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

As the company is predominately a third-party servicer, escrow administration is dictated by individual clients to establish and maintain reserve accounts. 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.

Subsequent to last review, Trimont had two lapsed UCCs, attributed to longer than expected processing time on the part of the county. Both were refiled within one month of the rejection letter.

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. 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.

Portfolio Escrowed for:

(%)	
Taxes	26
Insurance	27

Source: Trimont.

Payment Collections via:

(%)	
Wire	76
ACH	16
Checks	8

ACH – Automated clearing house.
Source: Trimont.

The company retains four employees as insurance compliance associates with experience in the CRE market who are responsible for reviewing insurance covenants contained within loan documents against actual insurance policies. Trimont requests evidence of renewals on insurance policies from borrowers/sponsors as well as insurance agents.

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.

Asset Administration

Trimont utilizes a proprietary compliance tracking system to monitor borrower deliverables 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 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.

A financial analyst analyzes property financial statements loaded into Backshop. Periodic analyses are performed by both the financial analyst and asset manager as required by the client or PSA. In the case of securitized 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 securitized transactions, 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 and reviews the watchlist commentary on a monthly basis.

Most site inspections are performed by the assigned asset manager or financial analyst. Trimont continues to perform physical property inspections internally, compared to other Fitch-rated servicers who generally outsource site inspections. 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.

Strategy 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. Through 2022, roughly 683 loans totaling $26.5 billion are scheduled to mature.

Borrower consent request 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.

Trimont is a vendor for Freddie Mac engaged on borrower 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 2021,

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.

Trimont processed 129 consents across all securitizations and separately processed 322 transactions specifically for Freddie Mac, from 191 and 241 in 2020, respectively.

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 25 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.

Special Servicing

As of March 31, 2022, Trimont was the named special servicer for 483 loans totaling $17.5 billion. This represents a decline in loan count by 19% since year end 2020; however, the aggregate balance of the portfolio has grown 23% over the same timeframe. As of the same date, securitized loans represented 97% of Trimont's named special servicing portfolio by balance, up from 91% at the time of last review. Named securitized special servicing consists of 40 new-issue securitized transactions issued in 2015 or later. Third-party special servicing appointments represent 29 of 34 transactions for which Trimont is the named special servicer. Trimont's parent company, Värde Partners, is the CCR on five transactions of the firm's special servicing assignments.

Trimont's active specially serviced securitized portfolio fell to eight from 78 loans the prior year, four of which are REO assets. Since March 2020, Trimont has managed or resolved over $3.2 billion in CMBS/CLO assets. Of said transfers, 70% by balance have been returned to the master servicer and 5% have been fully paid down. During discussions with senior management, Trimont noted that during the latter half of 2021, COVID related requests for accommodation or modification were limited.

Special Servicing Portfolio Overview

	3/31/22	% Change	12/31/21	% Change	12/31/20
Securitized					
No. of Transactions — Special Servicer	40	5	38	3	37
UPB — Special Servicer ($ Mil.)	16,889	9	15,533.3	13	13,691.0
No. of Loans — Named Special Servicer	434	(10)	483	(9)	533
UPB — Actively Special Servicing (Non-REO) ($ Mil.)	419.5	(67)	1275.8	(50)	2556.6
No. of Loans — Actively Special Servicing (Non-REO)	8	(73)	30	(62)	78
UPB — REO Assets ($ Mil.)	35.4	-	-	-	-
No. of REO Assets	4	-	-	-	-
Non-Securitized					
UPB — Named Special Servicer ($ Mil.)	466	72	270.5	(37)	432.2
No. of Loans — Named Special Servicer	35	67	21	(60)	52
UPB — Actively Special Servicing (Non-REO) ($ Mil.)	277.8	76	157.8	(49)	311.8
No. of Loans — Actively Special Servicing (Non-REO)	22	120	10	(69)	32
UPB — REO Assets ($ Mil.)	88.7	(21)	112.6	12	100.1
No. of REO Assets	10	(9)	11	(21)	14

UPB – Unpaid principal balance.
Source: Trimont.

Since March 2020, Trimont has managed or resolved over $3.2 billion in CMBS/CLO assets. Of said transfers, 70% by balance have been returned to the master servicer and 5% have been fully paid down.

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 to the borrower a fee or fee range when sufficient information has been collected to make a determination. Each borrower consent request is presented to the controlling holder/operating advisor for review and approval or, as required by the applicable PSA, for securitized assets.

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 uses its Application Portal 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. Application Portal is also used 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.

Trimont is currently servicing 14 REO assets comprising multifamily, office, land, and other loans with a balance of approximately $124.1 million.

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 by the asset manager for the subject loan and managing director of special servicing and as applicable for securitized loans the credit committee. The team leader and in-house counsel and/or compliance director ensure the proposed resolution is in compliance with the PSA or other servicing agreement and loan documentation.

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. Värde Partners is currently the controlling class representative for five transactions where it has been appointed as special servicer.

The final business plan 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.

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.

The credit committee reviews large loan REO business plans for securitized assets 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.

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 securitized transactions or otherwise, and it is appointed special servicer for securitized 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 securitized 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 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.

Fitch reviewed a sample of five business plans for specially serviced loans to assess the impact of potential conflicts of interest on workouts. In all instances Fitch found the business plans to be well documented and thorough, reflecting a complete history of the loan, borrower and collateral, and discussion of circumstances surrounding the default and market. The plans clearly described alternate resolution strategies that were considered, an NPV analysis of alternatives and a clear substantiation of the ultimate resolution strategy chosen.

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below