FitchRatings

Structured Finance
Commercial Mortgage Servicer
North America

Trimont, LLC

Ratings[a]

Commercial Primary Servicer[b]	CPS2
Commercial Special Servicer	CSS2

[a]Last rating action: October 2023. [b]Affirmed on Oct. 30, 2023

Outlook

CPS	Negative
CSS	Stable

Applicable Criteria

Criteria for Rating Loan Servicers (December 2022)

Criteria for Rating North American Commercial Mortgage Servicers (December 2022)

Related Research

Fitch Affirms Trimont's Commercial Primary & Special Servicer Ratings (October 2023)

Trimont, LLC (Trimont, or the company) is a privately held company controlled by investment funds managed 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 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.

As of YE22, Trimont had serviced and managed over $585 billion of invested capital on over 30,400 assets since its inception in 1998, up from $398 billion over 27,950 assets at YE21. The servicing portfolio, totaling $106.1 billion secured by 2,696 loans as of June 2023, has continued to grow in recent years, despite the inflated interest rate environment dampening domestic originations. It has grown 33% by balance since YE21 while increasing 15% by loan count. The material increase in the balance of loans serviced reflects Trimont's increased focus on larger balance loans to drive growth.

As of the same date, Trimont's special servicing portfolio totaling $12.0 billion for over 338 loans continued to run off as loans matured, decreasing 24% and 33% by balance and loan count since YE21, respectively. The servicer's portfolio remains diverse, primarily comprising non-securitized loans, which are backed by multifamily, office, mixed-use and lodging assets (27%, 23%, 14% and 12%, respectively), among others, consistent with the management team's diverse experience across multiple property types.

Within servicing, Trimont maintains 184 employees dedicated to primary servicing and 37 employees dedicated to special servicing, a net increase of 16 employees year over year. A majority of primary servicing employees operate within the firm's office in Atlanta, GA. Other offices, primarily seating credit and asset management employees, include Dallas and Kansas City. Recent increases in special servicing staffing reflect the addition of three senior managers from within Trimont, now dedicating a portion of their resources to the group to address an expected increase in non-performing loans (NPLs).

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 non-performing 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 composed of: credit and asset management services, credit administration services and investment advisory services. Through these central offerings, the firm provides clients with servicing and asset management services for complex performing and NPLs secured by CRE assets. 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.

Governance: Trimont's control environment consists of high-level policies and procedures, workflow technology and system reporting, management quality control reviews, ongoing compliance reviews by an internal compliance department, and an internal audit department to independently verify that its control environment is properly functioning. During 2022, Trimont's USAP and Reg AB external audits for 2021 contained two issues of material non-compliance involving bank reconciliations and escrow analyses. Both of the findings were noted to not be isolated events; however, borrowers' funds were not affected by any of the activity noted within the audits.

Subsequently, the 2022 USAP noted a recurring instance of material non-compliance findings with regard to the timely reconciliation of bank accounts. During discussions with Trimont's senior management and compliance teams, it was noted that the non-compliance findings were the same as those identified in the 2021 audit and that all 2022 reconciling items were completed in a timely manner, such that a non-compliance determination will not be made in the next round of audits. The servicer noted that the second recurrence of the non-compliance was attributed to the complexity of the same loans identified in the 2021 audit and remediation took longer than expected due to prolonged responses from third-party clients. Fitch notes that instances of recurring material non-compliance findings in external audits are highly irregular for rated servicers. Additional audit findings may result in a future negative primary servicer rating action.

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 seven years, which remains elevated relative to that of other Fitch-rated servicers; these servicers have experienced a decline in turnover. 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 declined to 25% in 2022 from 46% in 2021. The group's turnover is somewhat offset by the company's historically robust and experienced management team of six senior managers and 61 middle managers who average six years of industry experience. Total internal-transfer-adjusted special servicing turnover was also down year over year at 8%; this turnover rate is down from 29% and 70% in 2021 and 2020, respectively. Fitch identified five special servicing employees as asset managers averaging 20 years of industry experience and six years of tenure, who are actively working out defaulted loans, with an assets-to-asset manager ratio of 6:1. Fitch notes that Trimont maintains a high degree of staffing flexibility and primary servicing asset management staff with special servicing experience can be utilized if volume demands. During 2022, the two groups averaged 46 and 48 hours of annual training per employee, respectively.

Technology: Trimont utilizes McCracken's Strategy loan servicing application, release 19D, as its primary servicing system of record, having upgraded the application in 2022 to gain arrears compounding and negative index support functionality. The company expects to upgrade to version 20 by the end of 1Q24. Strategy is supplemented within the servicer's technology framework by integrated proprietary applications providing more efficient servicing processes and controls. Additionally, 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. In 2023, the servicer deployed its new vendor management software, Venminder, which allows the servicer to more easily monitor and track its vendor management

Company Experience Since

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

Source: Trimont

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 special servicing
Technology	■	Stable technology suite given portfolio
Internal Controls	▼	Recurring material external audit findings
Servicing Operations	■	Stable operations, no material changes year over year

Source: Fitch Ratings

process, centralizing all functions within one software suite. Trimont's technology infrastructure is supported by 18 employees dedicated to ensuring the company's technology is secure, performing well and meeting clients' needs, which was noted to be stable year over year.

Loan Administration: Core servicing operations are performed in-house, as well as customer-facing and back-office servicing functions including payment processing and escrow administration. Given challenges in the domestic 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, and capital expenditure draws. Trimont maintains a vendor engagement and monitoring program that is jointly administered by the servicing 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.

Defaulted/NPL 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. During 2022, Trimont managed $2.8 billion and resolved $1.4 billion worth of distressed assets, 75% of which were securitized loans returned to the master servicer.

Financial Condition: Although Fitch does not publicly maintain Issuer Default Ratings for Trimont or Värde Partners, its Financial Institutions group, performed a financial condition assessment of Trimont noting its short-term financial position adequate to support its servicing platform.

As Trimont's servicing portfolio grew 33% by balance and 15% by loan count since YE21 to $106.1 billion of 2,696 loans. The company continued to add new clients and new assignments from existing clients, particularly large institutional investors, to drive portfolio growth.

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.

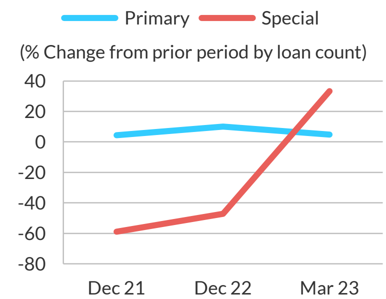
Private investment funds controlled by Värde, a Minneapolis-based investment management firm, acquired Trimont through a newly created holding company, Trimont Global Real Estate Advisors, in September 2015. That same month, FirstCity Financial Corporation (FirstCity), a Texas-based holding company owned 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

	3/31/23	% Change	12/31/22	% Change	12/31/21
Total Servicing					
UPB ($ Mil.)	106,073.8	6	100,368.3	26	79,753.7
No. of Loans	2,696	5	2,574	10	2,340
Primary Servicing					
UPB ($ Mil.)	106,073.8	6	100,368.3	26	79,753.7
No. of Loans	2,696	5	2,574	10	2,340
Special Servicing — Named					
UPB ($ Mil.)	12,033.7	-10	13,345.9	-16	15,803.8
No. of Loans	338	-11	380	-25	504
Special Servicing — Active[a]					
UPB ($ Mil.)	1,288.9	48	868.1	-44	1,546.3
No. of Loans	36	33	27	-47	51

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

Servicing Portfolio Growth



Note: Special servicing includes loans actively in special servicing (including REO).
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 securitized CRE transactions. However, Värde Partners is an active investor and holder of controlling positions in securitizations for which it typically appoints the company as servicer.

Trimont's core services comprise: credit and asset management, credit administration 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. Credit administration services include: loan servicing, tax, remittance, portfolio management, insurance and cash processing, among others. Trimont's investment advisory services provide underwriting, due diligence and credit valuation analytic functions. Through these core offerings, the firm executes its servicing operations, providing clients with servicing and asset management involving performing and non-performing credit with regard to CRE. Trimont also provides proprietary technological offerings via Triview, a 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. The recapitalization focused on long-term organic growth within the business, including an expanded scope of operations in foreign markets.

As of YE22, Trimont had collectively serviced and managed over $585 billion of invested capital on over 30,400 assets since its inception The commercial loan servicing portfolio, $106.1 billion on nearly 2,700 loans as of 1Q23, has continued to grow in recent years, increasing 33% by balance and 15% by loan count since YE21, despite the inflated interest rate environment dampening domestic originations The servicer's greater increase in balance over loan count during recent years reflects an increased focus on larger-balance loans as the portfolio continues to grow. As of the same date, Trimont's named special servicing portfolio of $12.0 billion and 338 loans has continued to run off as loans mature, decreasing 24% and 33% in balance and loan count since YE21, respectively. 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 20 third-party CCRs representing 78% of named special servicing assignments by transaction count, with a minority of its securitized special servicing portfolio controlled by Värde (21%), a slight increase in the percentage of deals controlled by its parent over recent years largely attributed to regular CRE-CLO issuance. Over the past three years, the firm added 16 new transactions to its portfolio totaling over $8.4 billion in UPB, including three CLOs, with four of the new transactions totaling $1.4 billion, having been added during the past 12 months.

Trimont maintains two international offices in London and Sydney to support European and Asian commercial loan servicing and asset management. The international offices' operations were not evaluated as part of Fitch's review. However, Trimont remains dedicated to growing its international presence, consistent with initiatives noted in previous years, including its noted large growth in the London office.

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.

Employees

As of Dec. 31, 2022, the servicing groups within Trimont comprised 221 employees fully dedicated to primary and special servicing, up from 198 employees in 2021. Of the 221 employees, 184 are responsible to primary servicing, and 37 focus primarily on special servicing. Primary servicing staffing stability reflects both aggressive hiring on the servicer's part, including the onboarding of 50 new primary servicing team members, 38 at the staff level and 12 at the middle management level. The additions average seven years of CRE experience, with 58% based in the Atlanta office, followed by 32% in the Kansas City office, with the residual 10% split between the Dallas office and remote work.

Employee Statistics

	2022				2021			
	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	6	26	13	15	7	25	10	15
Middle Management	61	15	6	12	84	14	5	46
Servicing Staff	117	7	3	34	91	6	3	49
Total	**184**	—	—	**25**	**182**	—	—	**46**
Special Servicing								
Senior Management	4	17	12	0	1	21	21	0
Middle Management	24	19	4	41	10	25	9	24
Servicing Staff	9	3	2	43	5	14	7	38
Total	**37**	—	—	**38**	**16**	—	—	**29**

Source: Trimont

Primary Servicing

Trimont's primary servicing function is covered by the firm's credit and asset management and credit administration teams with a total of 184 dedicated staff members. Within these groups, employees are divided into subfunctions, each of which is devoted to a specified pool of assets and, in some cases, bifurcated by large institutional clients. 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.

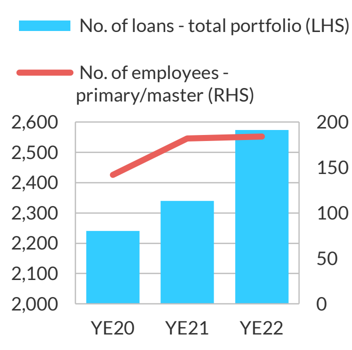
Primary servicing turnover declined to 25% in 2022, down from 46% noted during 2021. Fitch notes that this is the seventh consecutive year that the group has experienced high turnover. Primary servicing management turnover for 2022 was 13%, including the departure of one senior manager from the performing credit and asset management group, and nine additional middle managers (eight of these departures were voluntary), down from last year's management turnover of 43%. Staff-level turnover continued to be elevated year over year, with 35 departures resulting in turnover of 34%, with the majority of separations being classified as voluntary, which Trimont noted to be primarily driven by an aggressive domestic labor market for employees with CRE servicing experience. However, Fitch notes that the figure has declined year over year, given the 49% staff-level turnover noted during the previous review.

Overall, Trimont continues to retain a strong, highly experienced management team. Senior managers average 26 years of industry experience and 13 years of tenure, and primary servicing middle managers provide sufficient management depth, averaging 15 years of industry experience and six years with Trimont. The servicing staff maintains adequate experience levels, averaging seven 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 and Kansas City, or working remotely. The majority of the growth within the group was realized in the Atlanta office (58%), followed by the new additions in the Kansas City office (32%), with the residual 10% split between the Dallas office and remote work.

Trimont experienced a seventh consecutive year of high overall primary servicing turnover: 25% for 2022 versus 46% for 2021 and 25% and 24% in 2020 and 2019, respectively. While Fitch is concerned by the longest trend of heightened turnover among rated primary servicers, Trimont continues to maintain an experienced management team of six senior managers and 61 middle managers who collectively average 16 years of industry experience and seven years of tenure.

Loan and Employee Counts



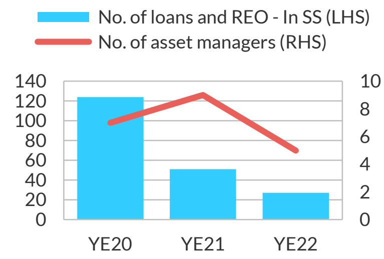
Source: Trimont

Special Servicing

The special servicing group comprises four senior managers with 17 years of industry experience and 12 years of tenure, with focuses on asset management, credit administration and compliance; 24 supporting middle managers, averaging 19 years of industry experience and four years with the company; and nine staff members, averaging three years of industry experience and two years of tenure with Trimont. Of the total resources dedicated to the group, Trimont notes that 13 are wholly earmarked for the special servicing function; the other 25 employees dedicate 2% to 60% of their work time to providing additional bench strength to the group. During discussions with the servicer's senior management, it was noted that the increase to the group's resources year over year are a response to the current inflationary interest rate environment, the concurrent softening of domestic capital markets, the decline of U.S. office valuations, and the expectation of a rise of defaults and subsequent transfers over the next few years.

Overall special servicing turnover within Trimont continued to be elevated with 10 total departures totaling function-level turnover of 38%, including seven middle managers and three staff-level employees. However, when adjusting for internal transfers, there were only two voluntary separations, resulting in an adjusted function turnover of 8%. During last year's review, turnover was noted to be high at 29%, which had come down from the 70% noted in 2020. Management turnover for the year was 36%, up from the 21% noted during 2021 but down from the 53% noted during 2020. Turnover among asset managers stabilized year over year, with only one AM departing, resulting in AM turnover of 20%, down from 38% noted during last year's review. Per Fitch's criteria, an asset manager is defined as an employee who has an excess of three years of CRE experience, while concurrently being assigned an actively specially serviced asset.

Special Servicing Loan and Employee Counts



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

Fitch identified five special servicing employees as asset managers averaging 20 years of industry experience and six years of tenure. 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 6:1, which has improved since previous years and is in line with peers'. 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.

While Fitch notes overall turnover for the special servicing function as a concern, it notes that year over year, when adjusting for internal transfers, function-level turnover has stabilized at 8%, lower than typical turnover for the group over the past few years. Additionally, Fitch notes that turnover within the AM group has also decreased, with only one AM departing the group year over year, resulting in turnover of 20%.

Unlike the primary servicing employees, who are based primarily in Atlanta, the special servicing team is geographically diverse, with seven employees in Atlanta, 15 in Dallas, six in Kansas City, and the rest working in New York City or contributing 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 mandatory 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 benefits from 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, CRE 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 2022, primary servicing and special servicing employees averaged 46 and 48 hours per employee, respectively, both above Trimont's target of 40 annual hours of training.

Additionally, Trimont maintains a partnership with NYU Schack Institute of Real Estate to offer an online certificate program for employees. NYU provides Trimont with 10 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 10 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.

Trimont continues 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. Year over year, the servicer offered eight hours of mandatory DEI training, which were administered over the span of four online webinars to servicing staff.

Operational Infrastructure

Outsourcing

Trimont maintains an outsourcing relationship with an offshore third-party vendor to which the company outsources certain aspects of primary servicing functions, such as flood zone determinations, insurance compliance support, payoff quotes, financial statement and rent roll data entry, and capital expenditure draws support. Additionally, the vendor also performs data entry of commercial property rent rolls and the calculation of lodging metrics, and is granted access to Backshop, where their employees enter the data manually, at which point, the work is reviewed by Trimont.

In 2022, Trimont engaged CoreLogic as a third-party tax service provider, assisting with tax service monitoring and payment of CRE taxes. 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. Currently, the special servicing group does not outsource any core asset management or servicing functions.

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 compliance. 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 also lead to more robust vendor reviews, 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 implementation, eight new vendor assessments have been conducted, with 15 high or medium critical vendor assessments also finalized. Trimont notes that a high criticality vendor 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.

In 2022, Trimont further enhanced its vendor management policies and procedures by expanding upon the information security reviews, while concurrently adding a standardized vendor review assessment process. These enhancements were followed by the acquisition of a new vendor management tracking application in 2023, allowing Trimont to automate and standardize the risk assessment process, allowing mangers to more clearly oversee the function.

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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.

Information Technology

Trimont uses McCracken Financial Solutions' Strategy system, release 19D, with an application service provider license for primary loan servicing, which it expects to upgrade to version 20 by the end of 2023. The company maintains several proprietary treasury and cash management applications to supplement cash functions previously contained within Strategy. Additionally, the servicer implemented enhancements for compounding in arrears and negative index functions of Strategy into its environment during late 2022. 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 boards all client loans within the system, including both securitized and non-securitized. Additionally, all securitized loans utilize Backshop workflow functionality for lender consent request processing, with a collection of securitized deals also concurrently leveraging the covenant tracking capabilities within the software.

Over the past three years, Trimont has staggered the deployment of its latest proprietary client-facing web portal, Triview, which delivers client-specific information such as enhanced reporting and performance analytics. The advancements year over year include an enhanced security architecture, a more modern user interface, additional protections surrounding wire transfers including multi-factor authentication (MFA) and further Backshop interfacing, as well as email notifications for both compliance-related items and document upload requests. Future enhancements are expected to 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 in 2024. Fitch views the initiative as a positive, noting that API integration across applications are consistently key goals of highly rated servicers.

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, 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 comprising eight employees that designs and develops reporting for, and in cooperation with, its clients using Microsoft SQL Server Reporting Services. Strategy produces a set of industry-standard servicing reports, with ad-hoc reporting as necessary. Trimont also maintains a data warehouse 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 the last review, the company consolidated operating statement storage and analysis within Backshop. Employees review all 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 (Vision) are able to access loan information and submit requests or inquiries via the application, which are then addressed by the assigned Trimont team. 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 recently deployed a new borrower website, which went live in February 2023, offering enhanced security features such as protected access to wiring instructions based on loan access rights, and identity federation for user account management, allowing for user IDs and passwords to be managed by respective organizations.

Trimont maintains 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.

Trimont maintains McCracken Financial Solutions' Strategy for its primary loan servicing needs, concurrently using Backshop as its centralized asset management application for special servicing. Fitch notes that both systems are used by other servicers within its rated universe, and views each as sufficient for Trimont's current

In 2023, Trimont deployed its new vendor management software, Venminder, which allows the servicer to more easily monitor and track its vendor management process, centralizing all functions within one software suite. The newly implemented software performs the following duties: new vendor onboarding, risk ratings, vendor assessment coordination and tracking, task assignment oversight, approvals, due diligence document storage, contract monitoring and vendor offboarding.

Trimont has 18 employees dedicated to ensuring its IT environment is secure, performing well and meeting clients' needs; this environment was stable year over year. IT employees are responsible for the development of proprietary 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.

Cybersecurity

Trimont annually engages a cybersecurity vendor to monitor and respond to threats and vulnerabilities, while also alerting the firm to the events. The vendor regularly conducts third-party penetration testing on Trimont's systems to detect security vulnerabilities. The latest reliability test, assessed by a third party in September 2022, showed no critical or high importance findings. 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. The servicer maintains cyber insurance, and notes that it did not experience any adverse cybersecurity events over the past 12 months, while concurrently not issuing any claims on its insurance.

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 September 2022 with successful results.

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 September 2022 with no material findings. Should an event of disaster occur, employees can remotely access systems through the company's virtual private network.

Trimont's business continuity infrastructure supported all servicing employees working remotely during the coronavirus pandemic. Additionally, Trimont benefits from regionally diverse offices mitigating the impact of local events.Subsequent to the end of the pandemic, the company instituted a hybrid work schedule, consistent with other highly rated servicers.

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. Subsequent to the end of the pandemic, Trimont began to institute its return-to-office policy, which involves a hybrid approach similar to that instituted by other Fitch-rated servicers. Additionally, Trimont benefits from regionally diverse offices mitigating the impact of local events.

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 15 minutes in an event of disaster. Loan servicing data maintained in Strategy are hosted by McCracken and therefore are subject to its 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, the last of which was conducted in May 2022 without issue.

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 responsible for testing compliance with servicing agreements, and an internal audit department to perform independent verification that its control environment is properly functioning.

Fitch notes as a concern the continued material external audit findings in Trimont's recent USAP audits indicating that the company's internal control environment was not operating effectively. The issues are noted to be remnants of the findings identified in Trimont's 2021 USAP, and Trimont's senior management notes that it does not expect the findings to reoccur in the 2023 USAP. Trimont had material external audit findings on both its 2021 USAP and RegAB audits, identifying separate issues.

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 currently 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.

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

The company reviews its policies and procedures annually, with the suite of documents most recently reviewed in 2022, at which point, revisions were made to the vendor management policy procedures within the documentation. Trimont continues to update and prioritize its information security policy to better reflect evolving industry and internal standards, which is published and distributed annually within the company, consistent with previous years.

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.

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 the servicing groups, which comprises one compliance director with 24 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 a finding pertaining to escrow accounts within 2022's external audits, Trimont's compliance team developed and deployed a new program to further test all applicable key points regarding RegAB and USAP's criteria. This program is conducted twice per year, and given the audit finding in 2021, it will also include an enhanced focus on escrow analysis. The results of the biannual external audit compliance testing are 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.

Additionally, during discussions with Trimont's senior management, it was noted that the compliance team also performs 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 commenced in 3Q22.

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 chief commercial officer, the managing director of non-performing 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 complementary risk and control methodologies are operating effectively. Internal audit is staffed by two employees who are independent of servicing, reporting to the CFO, along with support from the servicer's offshore vendor. The internal audit group performed four audits in the past 12 months: corporate insurance, special servicing, servicing agreements and information security. Fitch reviewed the audits and noted that there were no high-risk issues identified; however, there were areas of improvement identified within the servicing agreement audit, as well as associated remediation plans. Additionally, in October 2022 the company's internal audit group began conducting additional monthly testing to ensure the timely and accurate completion of bank reconciliations, reviewing approximately 12 accounts per week. The group also is responsible for managing third-party audits such as Regulation AB, USAP and SOC audits.

Despite the previous two years' 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 the previous review's external audit issues were ultimately not identified by Trimont's third line of defense.

Following external audit findings during 2021 and 2022, Trimont committed to further bolstering its internal audit resources while concurrently expanding its effective scope. Year over year, the treasury function added two full-time team members to further bolster its bandwidth and ensure compliance, while the internal audit team concurrently expects to further leverage its offshore vendor for internal audit resources in the future as needed.

External Audit

Trimont's 2021 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. During Fitch's 2022 review, Trimont's management stated that the bank reconciliation issues were a result of a 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 February 2021 to June 2021. Subsequent to the transition back to its propriety treasury systems in 3Q21, Trimont noted that it had not observed any issues. Trimont also noted that no borrower funds were affected by the bank reconciliation lapses.

The USAP letter from Grant Thornton dated Feb. 28, 2022 also found that bank reconciliations and escrow analysis were not 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 two years in the tax and insurance departments. During discussions with Trimont's senior management, it was noted that the issues were not self-identified and could potentially be repeated in 2022 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.

Fitch reviewed both the most recent USAP and RegAB external audits, each of which was dated Feb. 28, 2023, covering servicing functions for 2022. The 2022 RegAB audit noted compliance with the respective servicing criteria; however, the 2022 USAP audit noted material non-compliance with regard to the timely completion of bank reconciliations, a recurrence of the finding in the 2021 RegAB and USAP audits. During discussions with Trimont's senior management and compliance teams, it was noted that the bank reconciliation findings were a collection of those previously identified in the 2021 audit (rather than fresh instances of non-compliance in 2022), and that all of 2022's reconciling items have been subsequently completed in a timely manner such that a non-compliance determination would not be made.

Trimont noted that the recurrence of the non-compliance finding was a factor of the complexity of loans identified in the 2021 audit, leading to full remediation taking longer than expected, given unexpected long follow-up periods with third-party clients, inclusive of various teams within Trimont. Additionally, Trimont noted that higher than expected turnover during the period also contributed to the unexpected delays with regard to full remediation of the non-compliance finding. As of June 30, 2023, Trimont's management asserted that all items have been fully identified and resolved, such that it does not expect a repeat finding in its 2023 RegAB and USAP audits. Fitch notes that instances of recurring material non-compliance in external audits are highly irregular among Fitch-rated servicers, and the occurrence of repeat findings in 2023 audits may result in negative rating actions for primary servicing.

During late 2022, Trimont completed its SOC1 and SOC2 external audit, reviewed by Fitch, which contained unqualified opinions. Both audits were conducted by Grant Thornton. 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, 2023, Trimont's total primary servicing portfolio comprised 2,696 CRE loans with an aggregate balance of $106.1 billion. Subsequent to YE 2021, Trimont's primary servicing portfolio increased 33% by balance, while the loan count concurrently increased by 15%, reflecting a continued consolidation of the portfolio into larger balance loans, a majority of which are non-securitized.

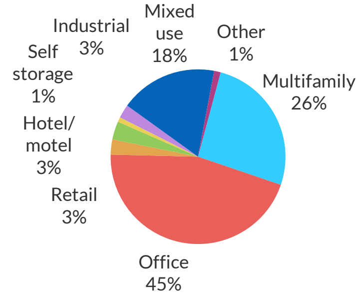
The majority of primary servicing is performed for third-party institutional investors with about 7% on behalf of life insurance companies, consistent with previous years. The company's diverse primary servicing portfolio is primarily weighted toward multifamily backed loans, comprising 38% of the total loan count, trailed by lodging, office and mixed-use backed loans, which constitute 15%, 147% and 9% 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

	3/31/23	% Change	12/31/22	% Change	12/31/21
Securitized					
No. of Transactions — Primary Servicer	—	—	—	—	9
UPB — Primary Servicing ($ Mil.)	2,318.4	-35	3,576.1	-30	5,143.1
No. of Loans — Primary Servicing	66	-33	99	-34	149
Non-Securitized					
UPB ($ Mil.)	103,755.4	7	96,792.3	30	74,610.6
No. of Loans	2,630	6	2,475	13	2,191

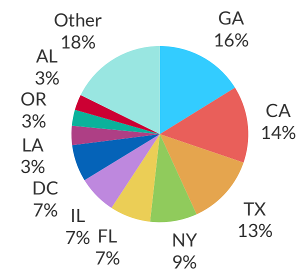
UPB – Unpaid principal balance
Source: Trimont

Securitized Primary Servicing by Property Type
As of Dec. 31, 2022



Source: Trimont

Securitized Primary Servicing by State
As of Dec. 31, 2022



Source: Trimont

New Loan Setup

Trimont's servicing operations team tracks each step in the boarding process through the 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 approximately 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 2022, Trimont was responsible for 136 springing lockbox accounts, of which eight accounts were activated. In addition, there were 136 loans with active cash management agreements. The company is also responsible for monitoring 10 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 working with clients to obtain 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.

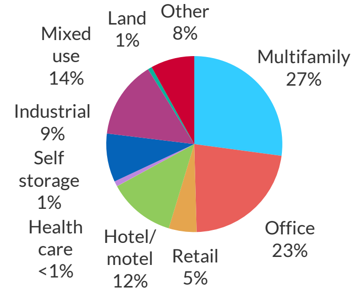
Prior to external distribution of any reports or remittance of funds to clients, a senior associate or manager from the investor remittance group reviews the remittance reports. Both treasury reconciliation and investor reporting will agree on funding using a proprietary application. Once a funding agreement 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. During discussions with Trimont, it was noted that there were no reporting errors noted over the past 12 months.

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

Non-Securitized Primary Servicing by Property Type

As of Dec. 31, 2022



Source: Trimont

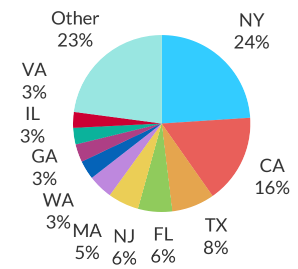
Payment Collections via:

(%)	
Wire	80
ACH	16
Checks	4

ACH – Automated clearing house
Source: Trimont

Non-Securitized Primary Servicing by State

As of Dec. 31, 2022



Source: Trimont

Portfolio Escrowed for:

(%)	
Taxes	49
Insurance	19

Source: Trimont

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 CoreLogic 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 non-escrowed assets are tracked in the same manner as escrowed assets when requested by clients. Critical date reports are generated for both escrowed and non-escrowed assets. Trimont obtains evidence of real estate taxes via tax jurisdiction websites and tax payment receipts provided by borrowers.

Subsequent to last review, Trimont had one lapsed UCC, while concurrently incurring 13 tax penalties, totaling $78.9k in penalties due. During discussions with the servicer's senior management, the penalties were attributed primarily to staffing turnover.

The company retains four employees as insurance compliance associates with an average of 10 years of insurance experience and three year of tenure with Trimont, 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 third-party 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.

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.

Site inspections are performed by the assigned asset manager or financial analyst, or outsourced to a third party, which consist of approximately 25% of inspections. Trimont continues to perform physical property inspections internally, compared to other Fitch-rated servicers, which generally outsource site inspections. Site inspections on securitized loans are performed in accordance with CREFC guidelines, while tracking and reporting are 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 2023, roughly 600 loans totalling $28.6 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.

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, 2023, Trimont was the named special servicer for 340 loans totaling $12.6 billion. This represents a decline in loan count by 33% since YE21, and a concurrent decline in UPB by 24% during the same period. As of the same date, securitized loans represented 95% of Trimont's named special servicing portfolio by balance, down from 97% at the time of last review. Named securitized special servicing consists of 32 securitized transactions issued in 2015 or later, including 16 SASB, 12 CRE-CLO and four conduit fusion transactions.

Third-party special servicing appointments represent the majority of Trimont's special servicing assignments, consistent with the servicer's historical servicing portfolio. The servicer's parent company is the CCR on seven transactions of the firm's special servicing assignments as of March 2023. Trimont's active specially serviced securitized portfolio increased to 36 from eight the prior year, 16 of which are REO assets as of the same date. The majority of the SS transfers consisted of maturity and payment defaults, with 48% and 33% of the transfers being retail and office backed loans, respectively.

Of Trimont's $1.4 billion resolutions in 2022, the following actions were taken:

- 75% were securitized loans returned to the master servicer.
- 2% were full payoffs with no loss to the trust.
- 10% were non-securitizsed REO liquidations.
- 7% were non-securitized loans returned to the master servicer.
- 6% were issuer buybacks of securitized assets

Special Servicing Portfolio Overview

	3/31/23	% Change	12/31/22	% Change	12/31/21
Securitized					
No. of Transactions — Special Servicer	32	0	32	-16	38
UPB — Special Servicer ($ Mil.)	11,402.8	-10	12,649.3	-19	15,533.3
No. of Loans — Named Special Servicer	311	-11	349	-28	483
UPB — Actively Special Servicing (Non-REO) ($ Mil.)	835.9	57	532.6	-58	1,275.8
No. of Loans — Actively Special Servicing (Non-REO)	14	180	5	-83	30
UPB — REO Assets ($ Mil.)	204.7	373	43.3	—	—
No. of REO Assets	7	133	3	—	—
Non-Securitized					
UPB — Named Special Servicer ($ Mil.)	630.8	-9	696.6	158	270.5
No. of Loans — Named Special Servicer	27	-13	31	48	21
UPB — Actively Special Servicing (Non-REO) ($ Mil.)	140.5	84	76.4	-52	157.8
No. of Loans — Actively Special Servicing (Non-REO)	6	500	1	-90	10
UPB — REO Assets ($ Mil.)	107.7	-50	215.8	92	112.6
No. of REO Assets	9	-50	18	64	11

UPB – Unpaid principal balance
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 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/Non-Performing 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 by third party inspectors and on a case-by-case basis by Trimont's asset managers, and are generally required annually thereafter. However, 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 non-securitized assets, the ASR for a non-performing asset is submitted within 60 days following an event of default. For securitized assets, the plan is submitted according to PSA requirements, usually between 30 days 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, by the credit committee. The credit committee consisted of the CEO, CLO, CCO, the executive managing director of American operations, the senior managing director of CAM, the managing director of special servicing and the head of CMBS, among other members as needed. 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.

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.

Trimont is currently servicing 16 REO assets comprising multifamily, office land other loans with a balance of approximately $312.4 million.

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 seven transactions where it has been appointed as special servicer.

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.

REO Management

The business plan and operating budget for REO assets are 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, generally 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 Partners' affiliate companies provide debt and equity capital to CRE investors.

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.