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Servicer Evaluation: Servicer Evaluation: Trimont LLC

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Ranking overview

Servicing category	Overall ranking	--Subrankings--		
		Management and organization	Loan administration	Ranking outlook
Commercial mortgage loan primary	STRONG	STRONG	STRONG	Stable
Commercial mortgage loan special	STRONG	STRONG	STRONG	Stable
Commercial construction loan	STRONG	STRONG	STRONG	Stable
Financial position				
SUFFICIENT				

Rationale

S&P Global Ratings' rankings on Trimont LLC as a commercial mortgage loan primary servicer, special servicer, and commercial construction loan servicer are STRONG. On May 29, 2024, we affirmed these rankings (see "Trimont LLC STRONG Rankings Affirmed; Ranking Outlooks Stable"). The ranking outlook is stable for each ranking.

Our rankings reflect Trimont's:

- Experienced senior management team;
- Solid training program, with diversified learning opportunities;
- Strong control and governance framework, including proactive policies and procedures, internal and external audits and compliance processes, and prudent approval matrices;
- Good leverage of its technology systems;
- Lengthy and successful loan administration track record in primary and special servicing;
- Well-developed processes and specialization in construction asset management; and
- Extensive commercial real estate expertise.

Since our prior review (see "Servicer Evaluation: Trimont Real Estate Advisors LLC," July 7, 2022), the following changes/developments have occurred:

- The primary and special servicing portfolios' unpaid principal balances (UPBs) increased by 38.1% and 39.8%, respectively (using Dec. 31, 2021, data).
- The construction portfolio increased 62% to \$99.6 billion from \$61.5 billion.
- The company changed its name to Trimont LLC from Trimont Real Estate Advisors LLC.
- Trimont hired an experienced external candidate as a senior managing director (SMD) for client services, overseeing relationship management. This SMD is based in New York City.

- The company made several internal promotions, including promoting the Atlanta-based chief commercial officer—who has been with the company for over 25 years—to global chief commercial officer.
- The managing director of business development was promoted to executive managing director (EMD) and head of Americas to lead the credit and asset management, credit administration, and investment advisory segments. This EMD has over 25 years of industry experience, including two years with Trimont, and is based in Kansas City.
- An external candidate with 20 years of experience was hired as EMD of development to focus on future development strategies and opportunities for the company.
- The director of credit administration was promoted to a new position as EMD of global operations to lead change management and drive internal organizational change. Her previous role was filled with an internal promotion.
- A senior associate, was hired to manage the third-party vendor management program and respond to client risk questionnaires.
- An external candidate with 25 years of experience was hired as the chief people officer to lead the global human resources (HR) function, replacing the prior HR director who departed the company.
- A former employee rejoined the company as the executive director (ED) to lead securitized special servicing. The ED reports to the senior managing director of credit and asset management Americas, and she is based in Kansas City.
- Trimont formed a centralized risk and data reporting team that incorporates investor reporting and global information services to better coordinate and manage data and enhance global reporting.
- Trimont implemented the Venminder software to facilitate the vendor assessment review process.
- The company launched the LEAD (Lead, Engage, Accelerate, Develop) training program for senior managers, fostering relationships among the management team to enhance employee development and career acceleration.
- Trimont has partnered with a vendor to review and assist in placing 1) its corporate insurance coverage and 2) coverage on specially serviced and real-estate owned assets on behalf of clients.
- The Kansas City office, which opened in April 2020, expanded to 63 employees from 33 as of our last review.
- The company is migrating its servicing system to McCracken Strategy's version 20 from version 19 and is using some of the new functionality. Management expects the new version to be fully implemented by year-end 2024.

The ranking outlooks are stable. The outlooks reflect our view of the company's ability to successfully manage its existing servicing portfolios, manage its staff, maintain its robust audit program, and continue to invest in technology. The company continues to promote and hire staff as needed to serve its client, and it has grown servicing employees to 248 as of year-end 2023 from 182 people as of our last review (using December 2021 data). We believe the staffing and portfolio growth has been well managed to date, and we view the company's addition of experienced leadership favorably.

In addition to conducting a virtual site meeting with servicing management, our review includes current and historical Servicer Evaluation Analytical Methodology data through Dec. 31, 2023, as well as other supporting documentation provided by the company.

Profile

Servicer profile	
Servicer name:	Trimont LLC
Primary servicing locations:	Atlanta, Ga.; Dallas, Tex.; Kansas City, Mo.
Parent holding company:	Trimont Holdings LLC
Loan servicing system:	McCracken Financial Solutions Corp. v. 19D (01.19.04)

Trimont is a privately owned commercial real estate asset management company with more than 35 years of operating history. It provides a full range of services to real estate lenders and investors on both debt and equity investments. Trimont's operating model is to deliver customized high-touch commercial loan servicing solutions. The company's real estate portfolio is varied, including mezzanine fund assets, construction loans, performing loans, defaulted loans, real estate equity fund assets, and REO assets.

The company is owned by funds controlled by Värde Partners. Värde is a global alternative investment firm with interests across a broad array of geographies, segments, and asset types, including real estate, corporate credit, residential mortgages, specialty finance, transportation, and infrastructure.

As of Dec. 31, 2023, Trimont reported 248 domestic employees (combined primary and special servicing) dedicated to servicing functions. This is a 36% increase from Dec. 31, 2021 (prior review) and is generally in line with the portfolio growth. The largest U.S. operations are in Atlanta, followed by Kansas City and Dallas. Its parent company also owns foreign subsidiaries with operations in London, which largely handles assets with collateral located in the U.K. and the EU, and Sydney, which focuses on the Asia-Pacific region. While the company serves a diversified client base of more than 200 institutions worldwide, this review and report is limited to operations and assets in the U.S. and U.S. territories.

Table 1

Total servicing portfolio						
	Unpaid principal balance (Mil. \$)	Year-over-year change (%)	Number of assets	Year-over-year change (%)	Number of staff	Year-over-year change (%)
Primary servicing(i)						
Dec. 31, 2023	110,118.3	9.7	2,529	(1.7)	229	9.6
Dec. 31, 2022	100,368.3	25.8	2,574	10.0	209	22.9
Dec. 31, 2021	79,753.7	15.8	2,340	4.4	170	19.7
Dec. 31, 2020	68,854.0	4.4	2,241	(5.0)	142	21.4
Dec. 31, 2019	65,970.1	25.3	2,358	5.4	117	3.5
Special servicing						
Dec. 31, 2023	2,350.8	158.6	55	44.7	19	5.6

Table 1

Total servicing portfolio (cont.)						
	Unpaid principal balance (Mil. \$)	Year-over-year change (%)	Number of assets	Year-over-year change (%)	Number of staff	Year-over-year change (%)
Dec. 31, 2022	908.9	(46.0)	38	(35.6)	18	50.0
Dec. 31, 2021	1,681.8	(46.9)	59	(53.2)	12	(36.8)
Dec. 31, 2020	3,170.1	1693.1	126	133.3	19	5.6
Dec. 31, 2019	176.8	(13.5)	54	(37.9)	18	(18.2)

(i)Primary includes construction loans.

Management And Organization

The management and organization subrankings for primary, special, and construction loan servicing are STRONG.

Organizational structure, staff, and turnover

Trimont's CEO is based in Atlanta and has been in his current position since the end of 2021, handling all worldwide functions. He joined the firm in 2018 to lead the London office as president of EMEA and has over 25 years' commercial real estate experience.

Reporting to the chief commercial officer is the EMD who oversees Trimont's investment advisory, credit and asset management, and credit administration teams for the Americas. He has over 25 years commercial real estate experience and has been with Trimont since 2022. He is based in Kansas City, Mo.

Trimont's senior management has solid levels of industry experience but slightly lower tenure levels than their peers (see table 2). Tenure and experience levels for middle management and staff are lower than those of similar ranked peers for both primary and special servicing. In 2023, turnover rates for the primary servicing and special servicing staffs were 16.3% and 44.4%, respectively. Turnover at year-end 2023 for primary was in line with that of peers; however, special servicing turnover is greater than peers' due to some employees leaving for other opportunities. Trimont is mindful of this and believes staffing has stabilized.

Table 2

Years of industry experience and company tenure as of Dec. 31, 2023								
	--Senior managers--		--Middle managers--		--Asset managers--		--Staff--	
	Industry experience	Company tenure	Industry experience	Company tenure	Industry experience	Company tenure	Industry experience	Company tenure
Primary	25	14	14	6	N/A	N/A	4	3
Special	39	1	25	5	24	5	13	1

The company is organized in three separate business units: credit administration, credit and asset management, and investment advisory services. Each reports to the EMD, who in turn reports to the CEO.

Credit administration (servicing)

The group is led by an SMD who has been with the company for over 20 years in various capacities. The group handles the loan servicing and loan operations of the commercial mortgage portfolio and joint venture equity assets.

Credit and asset management

The group is composed of performing and nonperforming asset management teams as well as a construction team.

- The performing asset management team is run by SMDs. The team monitors loans and the performance of their collateral, credit, asset, and cash flow management as well as investment performance analytics.
- The non-performing asset management team is headed by an SMD and divided into securitized (commercial mortgage-backed securities/collateralized loan obligations) and non-securitized (agency, balance sheet, and private lenders) groups. An experienced ED, who has been with the company for four years, runs the securitized group. The SMD provides oversight for the non-securitized group while identifying a new lead. These groups handle all special servicing functions as well as REO and nonperforming loan business plan development and execution.
- Construction services is led by an ED who has been with the company over 20 years. The team of 22 monitors and oversees the construction loan portfolio, reviewing draw requests and inspection reports.

Investment advisory services

The group, led by a SMD who has been with the company since 2019, handles advisory services to support commercial real estate debt and equity transactions. It also provides various underwriting, surveillance, appraisal review, and valuation services; feasibility and market studies; site inspections; and lease and financial audits throughout the U.S. The SMD is also an MAI.

All three of these groups are also supported by various corporate functions, such as accounting, finance, human resources, information technology, and legal.

Training

Trimont provides its management and staff with a diversified array of ongoing internal and external training programs as well as on-the-job training. Features considered in our assessment include the following:

- The company has a dedicated full-time training manager who meets with service line managers monthly to determine overall goals for staff and utilizes internal and external subject matter experts for training.
- Trimont targets 40 hours of annual training for each of its employees, which is tracked in its Learning Management System (LMS). In 2023, primary and special servicing employees averaged 58 and 39 hours, respectively.
- Trimont employees are required to complete a specific curriculum covering compliance, Trimont systems, people and culture, technology and administrative services, Trimont business overview, policies and procedures, and code of conduct--handbook acknowledgement. Additional job-specific courses are required by role/department.
- LMS houses over 1,100 on demand e-learning courses ranging from Microsoft Office applications to soft skills and leadership development.
- LMS reports are generated monthly and are delivered to each manager, who monitor team members' training progress.

- Each employee annually verifies that they have received and read the employee handbook by acknowledging receipt in the LMS.
- In 2023, the company launched its LEAD (Lead, Engage, Accelerate, Develop) program for senior managers, creating improved access to information and business decisions and fostering relationships among the members of the management team.
- The company maintains a mentorship program to promote talent from within the organization and to facilitate retention.
- Trimont offers courses through Trimont University (TU) with a certification curriculum through live classroom lectures and online materials. The program was co-developed with New York University (NYU) and is available to all employees. TU focuses on technical and industry knowledge as well as professional and personal development.
- A Trimont partnership with the NYU Schack Institute of Real Estate (Schack) offers a three-semester real estate program consisting of multiple online courses along with in-person speakers. Since its 2016 inception, 52 employees have attended and obtained certifications through Schack.

Systems and technology

Trimont has the necessary technology to meet its primary, special, and construction servicing requirements. The company continues to focus on technology augmentation and enhancement projects to further streamline and automate servicing tasks using a combination of proprietary and third-party systems via Strategy and Backshop. Trimont has well-designed data backup routines and disaster recovery preparedness.

Servicing system applications

Trimont utilizes the following servicing system and technology applications:

- McCracken Strategy servicing platform version 19D. Trimont expects to completely migrate to version 20 by mid-2024.
- Backshop is used for all asset management functions, including covenant and inspection tracking, compliance and consent workflows, and special servicing.
- In Backshop, Trimont launched compliance tracking, including "Borrower Shares" (which automatically requests compliance items from borrowers and allows document uploads to the system), consent workflow management, and a billing module. All compliance requirements are now managed within this system, which was formerly tracked using spreadsheets.
- Cash Mate, a proprietary platform, handles treasury functions. This system interfaces with Trimont's bank and strategy systems.
- Application Portal is a proprietary application that aggregates critical inputs from different workflow screens into a single input. This allows for viewing and reporting solutions for special servicing asset management and allows asset managers to enter notes into the system.
- Documentum software is utilized for its enterprise content management, imaging, and workflow applications. The Documentum repository is integrated with Trimont's portals to allow clients access to pertinent documents. Trimont also uses Documentum to process, reconcile, and store incoming checks and wires electronically.
- Lucro artificial intelligence (AI) is used for enhanced and expedited data entry for operating statements.

- Triview 2.0, a cloud-based portfolio analytics tool for clients, is based on the Microsoft Azure platform and offers both asset-level and portfolio-level analytics.
- Trimont maintains a data warehouse that assimilates data from various systems—including Strategy, Backshop, CashMate, Documentum, and Lucro—into one central repository via application programming interfaces that drive client reporting, data feeds, and Triview.
- Power BI is a business intelligence reporting tool that can access data across multiple source platforms and is linked to the data warehouse. It allows Trimont to provide customized reports to clients.
- The Vision 2.0 system is used in construction loan workflow processes to log and mark completion of draw requests, allowing for monitoring/analysis of the process and reporting of draw-related metrics.
- Process Manager is used for new asset boarding, payoff, new vendor setup, noncash processing, and extending consent tracking.
- Argus is used for underwriting, valuations, and cash flow modeling.
- In 2023, a Data Aggregation Tool was developed that pulls servicing data from multiple servicers and consolidates it into a single repository that can then be accessed via PowerBI based on client needs.
- Since our last review, the company added new automation features and completed the API library for clients, allowing them to pull information related to their portfolios from deal and property levels, including transactions and reserve balances.

Business continuity and disaster recovery

Trimont's global information services team (GIS) works with outside vendors to define the backup requirements for the technical resources hosted by Trimont in its Atlanta data center. Access to modify the backup schedule is restricted to appropriate members of the IT department. The company has the following continuity and disaster recovery plans/measures in place:

- A documented information security plan that governs personnel security matters, facilities, assets, information, and business operations. Internal audits test compliance of the security plan annually.
- Comprehensive disaster recovery and business continuity procedures with a target for resumption of cash processing and investor reporting within hours following any disruption event.
- Disaster recovery plans are tested annually, and the business continuity plan is tested biannually. The latest test was in August 2023, with no material issues noted and minor items addressed internally.
- A third-party co-location data center in Atlanta with its own backup generators. The location employs biometric access, redundant connectivity, power, and cooling. This same vendor also owns data centers in Europe and the Asia-Pacific region, thus providing potential additional options for data management. In addition, there is a separate data storage center in Denver.

Cybersecurity

Trimont has extensive security processes and controls for protecting private information and preventing cyberattacks, which include security procedures for personal information and vendor information security management. Key features considered in our assessment include:

- Trimont conducts annual security awareness training for employees on various topics, including information security and cybersecurity.
- Annual independent third-party data penetration testing with rotating vendors is conducted. The most recent testing was completed in September 2023 and indicated no material issues.
- The company runs its own monthly external network scan of its system environment, checking for malware or attempted intrusions.
- Trimont sends employees monthly phishing emails to test awareness. The company partners with a vendor who monitors and responds to threats and vulnerabilities while also alerting management of these events.
- All systems are actively refreshed and upgraded to meet increasing software/user requirements and to maintain active vendor support warranties.
- IT proactively prioritizes, approves, and deploys upgrades and patches to all third-party software applications to minimize vulnerabilities, maintain support, and offer additional product functionalities.
- IT utilizes a software as a service (SaaS) vendor to help monitor and responds to threats and vulnerabilities while alerting Trimont to any events, while also internally monitoring the operating environment such as using Meraki firewalls, IDS/IPS, Sophos Safeguard and Endpoint protection solutions, Mimecast email and URL filtering, MultiFactor Authentication and What's Up system monitoring.
- The company has recently removed wiring instructions from bills to prevent security issues with false instructions/accounts. Borrowers can obtain necessary information by logging into the system with their loan number and user ID information.
- The company has internal legal counsel with cybersecurity experience as well as a stand-alone cyber insurance policy.

Internal controls

Trimont maintains a strong internal control environment, managing operational risk through its policies and procedures (P&Ps), quality control and compliance, and a robust audit regime.

Policies and procedures

- Trimont has well-documented centrally managed P&Ps, which are made available to all employees through the company's intranet. Its P&Ps contain accompanying exhibits that govern primary servicing, special servicing, and construction loan administration.
- Trimont reviews all its servicing policies annually (100% compliance in 2023). Assigned managers are responsible for updating P&Ps, which are dated and documented, reviewed by the department heads, approved by management, and reviewed by compliance.
- The compliance department administers the annual review schedule and internal approval process and is the only group with the ability to upload the fully approved P&Ps to the intranet.
- The P&Ps serve as a key input to the review scope for internal audit.

Compliance and quality control

The company has ongoing quality control and compliance audits that examine a range of functions and servicing

processes throughout the year. The compliance function is independent of the business and is housed within the legal department under the oversight of the chief legal officer.

Trimont's manager-level review is the first line of defense for compliance and quality control issues. The second line of defense consists of a full-time compliance director who manages two full-time compliance professionals. In 2023, the compliance group reviewed all securitizations for which Trimont acts as primary servicer, subservicer, or special servicer. No material issues were found during these reviews.

Internal and external audits

Trimont has a thorough independent internal audit program, with the audit team reporting directly to the chief financial officer. This serves as the company's third line of defense. A risk assessment is conducted with senior leadership and the risk committee to determine the audit's focus. In 2023, the internal audit scope included reviews of balance-sheet loan fee reviews, escrow analysis preparation, payment transaction postings, special servicing tracking including hold code verifications, special servicing loan consents, and REO operating account reconciliations.

The company undergoes multiple third-party audits and reviews each year, including Regulation AB, Uniform Single Audit Program (USAP), client audits, SOC I, SOC 2, and SOC 3. The year-end 2023 USAP, RegAB, and SOC audits revealed no material issues.

The SOC 3 is a published report that gives a high-level synopsis of the other SOC reports.

Vendor management

Trimont has solid processes and procedures for managing its vendors. Highlights include:

- In early 2023, Trimont implemented Venminder software to facilitate the vendor assessment review process. The application is web based, tracks progress of each review, and serves as a centralized location for all contracts and supporting documents for each vendor.
- The vendor management process, including additions to an approved vendor list, is managed by the legal department. Feedback on vendors is collected from the asset managers' experience with specific vendors.
- Before any vendor is added to the approved list, it undergoes a review process that includes a review of its work, financial condition, insurance coverage, risk, and protection protocols for private and personal data.
- In addition, there is a vendor security assessment if the services provided include onsite or remote access, transmission, hosting and/or offsite storage of confidential / high risk data. Additional security measures and documentation (security policies, penetration test results, business continuity test results, SOC, or similar audit results) may be required and vetted prior to engagement of the vendor. Vendors are then approved by compliance and senior management. Current vendors deemed critical to the organization are re-reviewed on an annual basis for the above checkpoints, including their disaster recovery process.
- Subject to client requirements, vendors are selected for engagements from this list based on the type of work they are performing and their geographic location.

Insurance and legal proceedings

Trimont has stated that its directors and officers--as well as its errors and omissions insurance--coverage is in line with the requirements of its portfolio size. As of the date of this report, the company reported there were no pending

material servicing-related legal matters.

Loan Administration--Primary Servicing

The loan administration subranking for primary servicing is STRONG.

Loan administration is handled by the SMD of credit administration. The SMD has five EDs reporting to her. The group handles tax and insurance, process implementation and cash processing, loan servicing, servicing operations, remittance, and portfolio management. Designated team directors provide management oversight with various associate directors, senior associates, and analysts reporting to them.

As of Dec. 31, 2023, Trimont's loan servicing portfolio had grown to \$110.1 billion (including approximately \$66.6 billion in construction loans), with 2,529 loans collateralized by 3,944 properties. The average loan size has increased 27.6% from our last report.

As of the same date, the company reported a 4.1% delinquency rate, which is meaningfully lower than the year-end rates reported for 2019-2022 (see table 3). Trimont services a significant amount of higher-leverage loans from its investment fund clients, where delinquencies typically can run substantially higher than what we observe with servicers who primarily deal with first-mortgage GSE or CMBS loans.

Table 3

Primary servicing portfolio										
	--Dec. 31, 2023--		--Dec. 31, 2022--		--Dec. 31, 2021--		--Dec. 31, 2020--		--Dec. 31, 2019--	
	Unpaid principal balance (Mil. \$)	Number	Unpaid principal balance (Mil. \$)	Number	Unpaid principal balance (Mil. \$)	Number	Unpaid principal balance (Mil. \$)	Number	Unpaid principal balance (Mil. \$)	Number
Primary loans	110,118.3	2,529	100,368.3	2,574	79,753.7	2,340	68,854.0	2,241	65,970.1	2,358
Average loan size	43.5	--	39.0	--	34.1	--	30.7	--	28.0	--
Delinquent (%)										
30 days	1.7		2.9		1.8		2.4		3.4	
60 days	0.9		0.7		1.4		0.5		0.6	
90+ days	1.5		2.6		5.1		8.9		2.0	
Total	4.1		6.2		8.3		11.9		6.1	

Totals may not add due to rounding.

The loan portfolio is highly diverse and contains a variety of property types and geographic locations. The major concentrations of property types include multifamily (26.1% of UPB), office (19.8%), and mixed use (16.5%; see table 4). Geographic exposure is greatest in New York (22.3% of UPB) and California (15.3%), with no other state exceeding 8%. Trimont's major investor types include other third-party investors (real estate investment trusts and credit company/investment funds; 54.7% of UPB) and banks and financial institutions (29.0%; see table 5).

Table 4

Primary portfolio breakdown by property type and state as of Dec. 31, 2023				
	Unpaid principal balance (Mil. \$)	Unpaid principal balance (%)	Number of properties	Properties (%)
Type				
Multifamily	28,771.6	26.1	1,169	29.6
Office	21,855.9	19.8	364	9.2
Mixed use	18,139.0	16.5	151	3.8
Lodging	13,738.4	12.5	411	10.4
Other/variou s	10,766.6	9.8	742	18.8
All other	16,846.8	15.3	1,107	28.1
Total	110,118.3	100.0	3,944	100.0
State				
NY	24,571.0	22.3	398	10.1
CA	16,847.3	15.3	441	11.2
TX	7,889.6	7.2	454	11.5
FL	7,392.8	6.7	430	10.9
NJ	5,982.2	5.4	121	3.1
All other	47,435.4	43.1	2,100	53.2
Total	110,118.3	100.0	3,944	100.0

Totals may not add due to rounding.

Table 5

Primary portfolio by investor product type as of Dec. 31, 2023				
Loan type	Unpaid principal balance (Mil. \$)	Unpaid principal balance (%)	Loan count	Loan (%)
Other third-party investors (REITs, investment funds, etc.)	60,223.1	54.7	1,405	55.6
Banks/financial Institutions	31,954.9	29.0	440	17.4
Life insurance companies	11,238.3	10.2	227	9.0
Contained in a CRE CDO/CRE CLO (whole loan, mezz, B note)	5,991.7	5.4	144	5.7
Pension funds	710.5	0.6	313	12.4
Total	110,118.3	100.0	2,529	100.0

Totals may not add due to rounding.

New loan boarding

Based on its stated practices and written procedures, Trimont has a sound loan setup function with a solid process that has not changed much over the last several years. Features of the process are highlighted below:

- New loan boardings are performed by the new loan setup team, with additional support from functional units for specific data setup (such as loan triggers and covenants, uniform commercial code [UCC], taxes, and insurance).
- The processing manager reviews and passes all new loans boarded into Strategy.
- System logic quality assurance (QA) is performed at each step of the loan boarding process.
- QA measures include a 10% review of the basic loan terms for large bulk loan uploads boarded by an asset servicing

quality associate before they are passed into the system. All other loans are reviewed by two individuals before being passed into the system.

- The group boarded 783 new loans in 2023, which is a small decrease from our prior review.
- Borrower welcome letters are automatically generated, providing payment instructions and automated clearing house (ACH) auto-debit forms for monthly loan payments. They are sent within five business days from loan closing or when Trimont obtains the servicing assignment.
- The team also follows up on document exceptions, missing documents, post-closing items, insurance information, certificates of occupancy, and applicable side letter agreement requirements.

Payment processing

Trimont's practices and integrated technology tools efficiently address payment processing, cash management, and other complex loan structures with proper segregation of duties. Highlights include:

- Separation of duties to ensure that if paper checks are received, they are deposited and applied correctly.
- Payments are received into clearing accounts where the treasury department downloads the activity feed into the system that generates various workflows to the assigned servicing analysts for posting into Strategy.
- All payments are handled electronically, with 80% via wire, 18% via ACH, and 2% via lockbox. Trimont's payments by wires are much greater than what have observed from other servicers due to its sizable floating-rate portfolio (69%).
- As of Dec. 31, 2023, the portfolio contained 1,745 loans with adjustable rates, which are audited regularly.
- The Process Manager application allows for comments on payoff terms and notation of client directions.
- When cash management is performed by clients, emails are saved as backup for updating Strategy in Process Manager.

Investor reporting

Trimont is highly experienced with a variety of investor reporting requirements, including various customized for third-party reporting. A centralized risk and data reporting team was created in 2023, which incorporated investor reporting and global information services to better meet data and global reporting needs. There are dedicated staff members for the various investor reporting and operational accounting activities that are appropriately segregated for reporting, remitting, and related account reconciliation processes. Other highlights include:

- Bank reconciliations are completed monthly.
- Separate personnel handle bank account reconciliations and investor reporting and remitting.
- Funds released to clients are approved under dual review and control.
- The company reported approximately \$11 million in suspense items aged more than 60 days as of Dec. 31, 2023. Many of these funds in suspense are due to construction loans waiting for AIA contract changes or construction inspections to be received and reviewed before funds are deposited.
- Trimont reported a nominal amount of reporting errors that needed to be recalculated or restated during the 12-month period ending Dec. 31, 2023.

- The company incurred a nominal amount of tax penalties for late remitting during 2023.

Escrow administration

The company has sound controls for escrow administration activities, with dedicated teams for tax and insurance administration. Asset managers handle loan-level reserve monitoring and analysis for other escrowed items, such as tenant improvement and replacement reserves. Other escrow administration features include:

- Trimont recently expanded its relationship with its offshore vendor to include various repetitive tasks, such as extraction of insurance requirements, setting up insurance in Strategy, handling insurance renewals, and matching checks with invoices in construction draw packages. The escrow administration department reviews and approves all vendor work.
- Approximately 45% of the loans in the portfolio are escrowed for taxes and 37% for insurance. Tax and insurance (T&I) payment dates are monitored in Strategy.
- For assets where Trimont is not responsible for making T&I payments, the account is reviewed within 30 days after the due date to confirm that payments were made. Clients are notified of any failure by borrowers to make tax or insurance payments.
- Trimont engages a vendor who assists with monitoring and payment of taxes on the company's behalf. Escrowed funds are wired to the vendor for payments to be made to the corresponding taxing authorities.
- Trimont uses a vendor to help review and assist the company in placing its corporate insurance coverage and reviewing and assisting in placing coverage on the specially serviced and REO assets on behalf of clients.
- Borrower tax notifications and collections are handled by the vendor, and payments are made from the vendor to the taxing authority.
- The company uses a vendor to identify and track collateral properties that may be in federally designated flood zones.
- The company maintains electronic copies of insurance documents, such as certificates, lender-specific endorsements, and any documentation required by loan documents.
- Escrow and reserve disbursements are completed via electronic vouchers with a process that calls for the asset manager to seek the necessary approvals built into the system.
- Servicing personnel monitor letter of credit expirations and renewal dates in Strategy, with images stored in the document repository.

Asset and portfolio administration

Trimont has robust procedures covering asset and portfolio administration. Notable features considered in our assessment are as follows:

- As of Dec. 31, 2023, Trimont received and analyzed 99% of 2022 annual property operating statements where it maintains such responsibility. However, Trimont does not collect and spread financials for every investor based on their specific servicing contacts.
- The financial statement collection tracking is processed through Backshop. The spreading and analysis of the operating statement is performed by the commercial asset management team at the frequency required by loan documents or servicing agreements, or as directed by the client.

- Operating statements are captured and digitized through the Lucro artificial intelligence platform, with the documents added into the servicing platform through an electronic interface.
- Property inspections are managed and tracked in Backshop.
- Most of the primary serviced loan property inspections are handled by a third-party vendor with the completed report reviewed by the respective asset manager or team leader.
- Deferred maintenance issues discovered through inspections are discussed with the client. Appropriate actions are taken by the asset manager, to provide notice to the borrower and follow up on repairs.
- The asset management group administers loan-level covenant and deal compliance tracking in Backshop.
- UCC expiration dates are monitored via the servicing system. A paralegal prepares UCC continuations and notifies the assigned asset manager, who enters pertinent data into the system and follows up when continuations are received.
- Asset managers monitor their respective portfolios and handle the watchlist reporting of loans requiring additional monitoring per their client engagements.

Borrower requests

Trimont addresses borrower requests in a well-controlled manner. Highlights include:

- Asset managers process borrower requests through the Backshop system, which tracks borrower consents, including type of request, days to complete request, and approvals (both internal and third-party). It also provides asset managers with date tracking, reminders, and alerts.
- Trimont uses a signing approval matrix, which may include internal and/or master servicer approvals, depending on the client.
- The company processed 287 borrower requests as a primary servicer during 2023, consisting of 120 assumptions, 26 repair extensions, 25 management changes, 18 leasing consents, nine maturity extensions, and 89 various other requests.

Early-stage collections

The asset management group administers early-stage collections. Noteworthy features include:

- The borrower is contacted by phone and in writing no later than three days after the grace period expires.
- Trimont notifies the client of any delinquencies and, upon client approval, escalates the collection efforts to include demand letters.
- All collections comments are entered chronologically into the system and are date- and time-stamped.
- The system does not automatically generate late notices; instead, the asset managers send them per loan/client specifications.

Loan Administration--Construction Servicing

The loan administration subbranching for construction servicing is STRONG.

Trimont has an established track record of successful construction loan risk management and disbursement administration for a highly diversified portfolio with complex reporting and analytical requirements. There are complexities in construction loan administration that require specialized skills apart from those required to service and manage the assets and their loan structures. With that in mind, Trimont continues to maintain and recruit staff with a depth of construction knowledge and experience.

Trimont's operating procedures are of high quality. Its asset-tracking mechanisms for proactive risk-mitigation practices cover new loan boarding, draw request management and accounting, ongoing developer compliance, budget pro forma-to-actual tracking, collateral takedowns, and the use of construction consulting engineers.

The company has transitioned from a dedicated administrator performing draw requests and construction invoice reviews to its offshore vendor handling this process. This allows asset managers to spend more time reviewing changes or identifying risk on loans, but the process is subject to Trimont's controls and reviews. While the construction group logs and tracks completion of draw requests via Excel worksheets, plans are underway to migrate these Excel spreadsheets into Backshop. The new tracking in Backshop is expected to provide enhanced management and analytics as well as provide improved report functionality and communication with borrowers and clients in a more stable platform. Document collection and covenant tracking for construction is currently handled in Backshop.

Since our last review, the construction portfolio has increased 62%, totaling \$99.6 billion in UPB (including \$33.0 billion in unfunded commitments) as of Dec. 31, 2023, compared with \$61.5 billion as of Dec. 31, 2021. The construction portfolio currently consists of 1,495 projects (an increase from 1,079 projects at year end 2022 and 847 at year end 2021). The average project size is approximately \$67 million (see table 6), a slight decrease from the approximately \$73 million at our last review.

Table 6

Construction loan servicing portfolio summary					
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
Portfolio volume					
Outstanding balance (Mil. \$)	66,577.1	51,003.3	43,092.2	43,647.6	33,921.9
Unfunded commitments (Mil. \$)	33,049.5	29,798.3	18,404.0	21,378.7	20,688.7
Total construction portfolio (Mil. \$)	99,626.7	80,801.6	61,496.2	65,026.3	54,610.6
Number of loan commitments	1,279	1,039	986	1,063	1,096
Number of projects	1495	1079	847	857	978
Average commitment size (Mil. \$)	77.9	77.8	62.4	61.2	49.8
Average project size (Mil. \$)	66.6	74.7	72.6	75.9	55.8
Projects in default, workout, and/or litigation					
Outstanding balance (Mil. \$)	10,101.9	5,340.0	8,708.7	6,429.0	2,014.1
Number of projects	200	82	94	121	59
Pending foreclosure					
Outstanding balance (Mil. \$)	0	0	0	0	0
Number of projects	0	0	0	0	0

Table 6

Construction loan servicing portfolio summary (cont.)

	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
Foreclosed (real estate-owned)(i)					
Asset value (Mil. \$)	295.1	98.8	37.1	59.0	62.2
Number of projects	18	7	4	3	9

(i)Because asset values are not tracked for all clients, "Foreclosed (real estate-owned) asset value" reflects the outstanding real estate-owned balance rather than the asset value.

The construction portfolio is geographically diversified across 37 states in the U.S. and include all major property types. Multifamily projects account for the highest concentration by dollar volume at 29.4% of the total project portfolio. Mixed-use is 23.5%, with office at 20.5%. Lodging, industrial, and all other commitments total the remaining 26.6% of dollar volume (see table 7).

Table 7

Construction loan portfolio breakdown by property type and state as of Dec. 31, 2023(i)

Type	Total commitments (Mil. \$)	Total commitments (%)	Number of projects	Projects (%)
Multifamily	29,306.25	29.4	425	28.4
Mixed use	23,388.94	23.5	109	7.3
Office	20,463.73	20.5	245	16.4
Lodging--hotel/motel	7,464.19	7.5	135	9.0
Industrial	6,400.53	6.4	198	13.2
All other	12,603.03	12.7	383	25.6
Total	99,626.67	100.0	1495	100.0
State				
NY	21,187.59	21.3	161	10.8
CA	14,612.12	14.7	162	10.8
TX	7,681.24	7.7	126	8.4
MA	7,670.43	7.7	45	3.0
NJ	7,213.92	7.2	61	4.1
All other	41,261.38	41.4	940	62.9
Total	99,626.67	100.0	1495	100.0

(i)Measured by commitment amount.

Construction projects reported to be in workout were 13.4% of the portfolio, which is an increase from the 11.1% at our prior review and is above the level a year before the pandemic. This elevated level of workouts is still largely attributable to pandemic issues. Many of the construction jobs that Trimont monitors have been delayed or--in some cases--temporarily stopped due to a shortage of construction workers, supply-chain issues, and budgeting issues due to overall material cost increases. The Trimont construction administration group generally remains involved with the loan throughout the workout process.

Trimont maintains the following construction risk management protocols, which we believe to be well-controlled:

- Initial project review and analysis focusing on loan closing documents, market and property reports, construction contracts, budgets, and environmental reports.
- Loans are boarded into Strategy for ongoing servicing and reserve management; this also allows budget and draw data to be captured for links with Triview.
- Asset managers receive automated system reports for payments, maturities, defaults, and loan covenants.
- The comprehensive draw administration and tracking process includes coordinating with consultants, title companies, architects, contractors, and syndicate lenders as well as budget reconciliation, site inspection, and monitoring cost overruns and equity infusions.
- Compliance monitoring of all performance hurdles, including debt service coverage covenants, financial tests, sales, and borrower/guarantor reporting requirements.
- Lien waivers are required for all major contractors, and title searches are run periodically. If issues arise, draws are not funded until liens are satisfied or adequately bonded.
- Construction consultants are typically engaged by the client; in some instances, however, Trimont may engage approved consultants directly.

The construction draw process includes the following steps:

- Construction draws provide for multilevel reviews and approvals from the draw administrator, financial analyst, asset manager, and team leader as applicable.
- Trimont has standardized draw tracking, including the original budget, budget changes, current budget, individual draws, amount funded to date, remaining to fund, and balancing of sources and uses.
- The construction invoice tracking includes detailed tracking of amounts that are dated by the vendor, invoice numbers/dates, draw, and budget line items. Any missing core items are immediately logged, and the asset manager is notified to address the issues.
- Once the review is completed, the file is saved in draw tracker, and the asset manager is notified the review is complete. The asset manager confirms review before proceeding with disbursements. All Silver Skills work is reviewed and approved before processing.
- Workflow processes currently reside in the Vision system to log and mark completion of draw requests, allowing for monitoring/analysis of the process, report draw-related metrics, and improved communication with clients and borrowers. This process will migrate into Backshop at the same time as the migration of the construction budget process.
- Funding notices are provided, showing detailed advance splits by investor for syndicated or participated deals.

Loan Administration--Special Servicing

The loan administration subranking for special servicing is STRONG.

As of Dec. 31, 2023, Trimont is the named special servicer on 32 deals consisting of 304 loans with a UPB of \$11.5 billion--a 29% decrease in UPB since our prior review, which used Dec. 31, 2021, data. At the same time, Trimont's active special servicing portfolio has increased 39.8% in total UPB since our prior review and is at the highest year-end

level since December 2020. However, the number of assets in special servicing has declined slightly from the prior review to 55 total assets from 59. The number of specially serviced loans has decreased to 32 from 45, while the number of REO assets has increased to 23 from 14 (see table 8).

The special servicing group covers securitized and non-securitized special servicing and is supported by resources across offices in Dallas, Kansas City, and Atlanta. There are 12 asset managers: 10 dedicated to loans and two who manage REO assets. While the special servicing groups each have their own primary responsibilities, they can assist each other if necessary. The asset per asset manager ratio is manageable at 3.2 for loans and 11.5 for REO.

Table 8

Special servicing portfolio															
	--Dec. 31, 2023--			--Dec. 31, 2022--			--Dec. 31, 2021--			--Dec. 31, 2020--			--Dec. 31, 2019--		
	UPB (Mil. \$)	No.	Avg. age(i)	UPB (Mil. \$)	No.	Avg. age(i)	UPB (Mil. \$)	No.	Avg. age(i)	UPB (Mil. \$)	No.	Avg. age(i)	UPB (Mil. \$)	No.	Avg. age(i)
Active inventory															
Loans	1,708.1	32	18.7	746.3	23	34.6	1,551.1	45	21.6	3,070.0	112	12.8	108.5	42	29.2
Real estate owned	642.7	23	33.1	162.6	15	19.8	130.7	14	45.1	100.1	14	45.8	68.3	12	42.7
Total	2,350.8	55	24.7	908.9	38	28.8	1,681.8	59	27.2	3,170.1	126	16.5	176.8	54	32.2

Totals may not add due to rounding. (i)Average age reflects the time in months from the date the loan first became specially serviced to the reporting date. UPB--Unpaid principal balance.

The average hold time for loans was 18.7 months as of Dec. 31, 2023, a decrease from 21.6 months at our prior review. In 2023, Trimont completed 29 resolutions, including 14 foreclosures, nine returned to master, and six full or discounted payoffs (see table 9). The overall average loan resolution time of 17.4 months in 2023 was close to a multi-year low despite being skewed by nearly half of the activity derived from foreclosures, which averaged a relatively lengthy 29.4 months.

Table 9

Total Special Servicing Portfolio--Loan Resolutions															
	--2023--			--2022--			--2021--			--2020--			--2019--		
	UPB (Mil. \$)	No.	Avg. age(i)	UPB (Mil. \$)	No.	Avg. age(i)	UPB (Mil. \$)	No.	Avg. age(i)	UPB (Mil. \$)	No.	Avg. age(i)	UPB (Mil. \$)	No.	Avg. age(i)
Resolutions															
Loans	1,275.8	15	6.2	1,185.6	26	18.8	1,329.4	67	19.5	24.2	13	26.8	42.5	35	32.2
Foreclosed loans	588.5	14	29.4	27.0	2	16.8	18.0	3	13.0	2.8	3	51.7	58.8	8	15.2
Total	1,864.3	29	17.4	1,212.6	28	18.7	1,347.4	70	19.2	27.0	16	31.5	101.3	43	29.0
Resolution breakdown															
Returned to master	975.9	9	5.8	1,153.4	24	18.7	1,176.0	37	12.5	0.0	0	N/A	0.9	1	32.4
Full payoffs	58.0	1	9.3	32.2	2	20.9	121.8	13	10.6	20.3	9	29.3	9.3	11	30.0
DPO or note sale	242.0	5	6.4	0.0	0	N/A	31.6	17	41.4	3.9	4	21.2	32.3	23	33.2

Table 9

Total Special Servicing Portfolio--Loan Resolutions (cont.)															
	--2023--			--2022--			--2021--			--2020--			--2019--		
	UPB (Mil. \$)	No.	Avg. age(i)	UPB (Mil. \$)	No.	Avg. age(i)	UPB (Mil. \$)	No.	Avg. age(i)	UPB (Mil. \$)	No.	Avg. age(i)	UPB (Mil. \$)	No.	Avg. age(i)
Foreclosed loans	588.5	14	29.4	27.0	2	16.8	18.0	3	13.0	2.8	3	51.7	58.8	8	15.2
Total/average	1,864.3	29	17.4	1,212.6	28	18.7	1,347.4	70	19.2	27.0	16	31.5	101.3	43	29.0

Totals may not add due to rounding. (i)Average age reflects the time in months from the date the loan first became specially serviced to the reporting date. UPB--Unpaid principal balance. DPO--Discounted payoff.

Loan recovery and foreclosure management

Trimont has a controlled approach for handling loans transferred to special servicing. Notable highlights considered in our assessment:

- Asset managers evaluate the collateral, order property inspections, and create detailed loan resolution plans within 60 days of transfer.
- Standard pre-negotiation letters are sent to all borrowers for execution prior to engaging in workout discussions.
- The asset manager collaborates with workout counsel to draft demand/default letters.
- The resolution plans are approved through internal delegations of authority, including the credit committee, which consists of experienced senior managers, team leaders, department managers, and in-house legal counsel.
- The status of real estate taxes is reviewed and factored into any decision before foreclosure or taking title via deed-in-lieu. At least 30 days before foreclosure, the asset manager contacts the corporate risk management department, and a checklist is prepared by the insurance analyst before Trimont takes title.

REO management and dispositions

The company has a complete and detailed P&P manual covering all REO operations. Key operational aspects considered in our assessment include:

- The REO asset manager generally completes REO business plans 60 days after the REO transfer, similar to peers.
- REO asset managers select property managers from the list of approved vendors and complete a transition checklist summary with the property manager within 30 days of taking title.
- Trimont typically administers blanket insurance for REO portfolios according to client preferences and company guidelines.
- Site inspections are completed by the REO asset manager and property manager within 30 days of taking title.
- Standard property management agreements and broker agreements are used for REO assets.

Timeframes for REO dispositions have varied across the portfolio, primarily based on client decisions dictating the hold period and marketing strategy. There were 11 REO dispositions in 2023 and 15 in 2022 (see table 10). In 2023 and 2022, the gross sales proceeds were 115.2% and 108.6%, respectively, of the market value.

Table 10

Total special servicing portfolio--real estate-owned sales															
	--2023--			--2022--			--2021--			--2020--			--2019--		
	Amount	No.	Avg. REO hold period (mos.)	Amount	No.	Avg. REO hold period (mos.)	Amount	No.	Avg. REO hold period (mos.)	Amount	No.	Avg. REO hold period (mos.)	Amount	No.	Avg. REO hold period (mos.)
	(Mil. \$)			(Mil. \$)			(Mil. \$)			(Mil. \$)			(Mil. \$)		
Estimated market value	167.5	11	12.0	148.0	15	30.1	35.6	6	21.7	14.8	8	6.6	8.1	10	19.0
Gross sales proceeds	192.9	--	--	160.8	--	--	34.8	--	--	15.6	--	--	6.6	--	--
Gross sales proceeds/market value (%)	115.2	--	--	108.6	--	--	97.7	--	--	104.9	--	--	82.0	--	--

REO accounting and reporting

Trimont has adequate REO accounting and reporting functions, accompanied by well-detailed P&Ps. Key operational aspects include:

- The company uses a single REO operating account set up with the property managers for each property.
- Checks are sent to the lockbox as soon as possible during the regular monthly business cycle but no later than the second business day following receipt.
- As a general policy, operating reporting data is uploaded monthly, with 100% of the data sent electronically from property management companies, which are then reviewed by both the asset managers and the property management company.
- Per policy, formal performance reviews occur, which include financial reviews and periodic site visits for property management on CMBS REO properties.

Subcontracting management

Trimont handles the management and oversight of subcontractors in a controlled and effective manner, in our view. It follows these guidelines:

- Property managers are selected per the approved vendor management list and engagement P&Ps.
- Preferred or recommended vendors are used unless the situation warrants unique skill sets, in which case, additional approvals from senior management must be obtained.
- Standard property manager and broker agreements are used.
- Trimont's in-house legal staff controls the approved vendor list for appraisers, brokers, environmental/engineers, etc., as well as the engagement process, including for outside counsel.

Performing loan surveillance

Levels of surveillance vary among loan/property type, asset performance, and directing certificate holder (DCH) requests. Trimont reviews information provided by trustees, certificate administrators, master servicer questionnaires, and other third-party sources. Other responsibilities include:

- Discussions with the master servicer and market professionals are held discussing asset updates. Monthly watchlist calls are held with DCHs.
- In some cases, DCHs request more advanced surveillance. This could include utilizing data services (Bloomberg, Trepp, etc.) and reviewing payment history, watchlist rating changes, and loan-to-value ratios based on OSAR financial files.
- Detailed property and loan-level surveillance is completed once loans within pools are added to the watchlist, including re-underwriting based on detailed financial files, identifying submarket trends, recent lease signings, quoted rents and vacancies (for apartments), upcoming availabilities for commercial property, tracking key covenants from offering circulars, and reviewing reserve analyses.

Legal department

Special servicing staff have access to two in-house attorneys who support the teams by advising asset managers and controlling the engagement of external law firms. Other notable aspects of what we consider a well-controlled legal function include:

- The legal department completes abstracts of pooling and servicing agreements for CMBS loans.
- Trimont uses a standard engagement letter, or an in-house attorney reviews the law firm engagement letter.
- Pending legal assignments and litigation status are tracked in Excel spreadsheets.
- The asset managers review all legal bills before they are submitted for payment.

The financial position is SUFFICIENT.

Related Research

- Trimont LLC STRONG Rankings Affirmed; Ranking Outlooks Stable, May 29, 2024
- Select Servicer List, May 17, 2024
- Servicer Category Descriptions Expanded And Revised, Feb 28, 2022
- Analytical Approach: Global Servicer Evaluations Rankings, Jan. 7, 2019

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