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## Servicer Evaluation: Situs Asset Management LLC And Situs Holdings LLC

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# Servicer Evaluation: Situs Asset Management LLC And Situs Holdings LLC

## Ranking Overview

<b>Commercial primary</b>	
Overall ranking	ABOVE AVERAGE
<b>Subranking</b>	
Management and organization	ABOVE AVERAGE
Loan administration	ABOVE AVERAGE
Outlook	Stable
<b>Commercial special</b>	
Overall ranking	ABOVE AVERAGE
<b>Subranking</b>	
Management and organization	ABOVE AVERAGE
Loan administration	ABOVE AVERAGE
Outlook	Stable
Financial position	SUFFICIENT

## Key Ranking Factors

### Strengths:

- Well-defined operational processes and effective use of technology systems;
- Experienced senior management team;
- Good compliance and control environment; and
- Recently high turnover rate as a result of portfolio volume fluctuations.

## Opinion

Standard & Poor's Ratings Services' rankings for Situs Asset Management LLC (SAM) as a commercial mortgage primary servicer and for Situs Holdings LLC as a commercial mortgage special servicer are affirmed at ABOVE AVERAGE. Collectively known as Situs Group LLC (Situs), the company is a provider of outsourced services to the commercial real estate industry.

The ABOVE AVERAGE rankings on the combined platform reflect our view of the company's experienced management team, well-defined processes, and effective use of systems and technology.

## Outlook

Our outlooks on both rankings are stable. The company's business development strategy and growth projections still appear reasonable. Although the company does not currently originate or invest in commercial mortgage-backed

securities (CMBS)-controlling class positions, its acquisition by Stone Point Capital LLC (Stone Point), a private equity firm focused on investing in financial services businesses, could signal shifts in strategies.

## Key Changes Since Our Last Review

Since our prior review, Situs has:

- Been acquired by funds that Stone Point manages;
- Undergone a significant staffing increase in its primary servicing operations; and
- Established the Global Assets Under Management Compliance Committee to monitor its primary servicing, special servicing, asset management, and other operations.

## Profile

Servicer Profile	
Servicers	Situs Asset Management LLC and Situs Holdings LLC.
Primary servicing location	San Francisco.
Parent holding company	Situs Group LLC.
Loan servicing system	Enterprise!

Situs and its subsidiaries are global providers of outsourced services to the commercial real estate industry. It provides services for debt and equity commercial real estate (CRE) transactions, including advisory services, loan servicing, risk management, consulting and staffing, valuation management, and business process outsourcing. Founded in 1985, Situs is based in Houston and has 12 offices throughout the U.S., Europe, and Asia. SAM provides master and primary servicing (including white label and private servicing) and performs loan asset management, surveillance, valuation, due diligence, and equity asset management services for U.S. CRE loans.

As of Dec. 31, 2014, SAM had assets under management totaling \$21.8 billion.

Situs Holdings LLC provides special servicing and distressed asset management to CMBS trusts, as well as institutional and entrepreneurial investors. As of Dec. 31, 2014, Situs Holding LLC special servicing, including its wholly owned affiliate, Hanover Street Capital, serviced or managed 191 nonperforming and subperforming CRE loans totaling \$1.4 billion in unpaid balance.

In total, Situs employs about 600 professionals.

**Table 1**

Total Servicing Portfolio				
	Unpaid principal balance (mil. \$)	YOY change (%)	No. of assets	YOY change (%)
Dec. 31, 2014	23,160.9	57.7	1,154	-3.9
Dec. 31, 2013	14,684.5	12.0	1,201	-31.5
Dec. 31, 2012	13,113.4	-10.8	1,754	-59.0
Dec. 31, 2011	14,709.3		4,283	

(i)Change is from prior six-month period. YOY--Year-over-year. N/A--Not applicable.

## Management And Organization

We have affirmed our subrankings on Situs Asset Management LLC's and Situs Holdings LLC's management and organization at ABOVE AVERAGE. We continue to base the subrankings on our view of Situs' successful track record servicing multifamily and CRE loans, its experienced senior management team, good leverage of technology, and sound control environment.

### Organizational structure, staff, and turnover

To maximize operating efficiencies and plan for future growth, SAM's back-office operations were migrated to a lower-cost center in Robbins, N.C. Loan administration functions, such as payment receipts and disbursement processing, real estate tax and insurance administration, and loan boarding, were reviewed and moved as appropriate. To facilitate this transition, a key manager relocated to the Robbins facility during 2014.

SAM's primary servicing operations are conducted from Houston; New York; Boca Raton, Florida; Atlanta; and Robbins, N.C. Houston provides both management and administrative functions; Atlanta, New York, and Boca Raton perform asset management; and surveillance, and the Robbins staff is focused on escrow administration and other support functions.

The U.S. special servicing platform operates from four locations. Both San Francisco and New York contain asset management and administrative functions, and Blue Bell, Pa. and Robbins are focused on asset management.

As of Dec. 31, 2014, the primary servicing staff had 55 employees. This equates to approximately 18 loans per person, toward the lower end of the range for similarly ranked primary servicers; however, with 3,743 collateral properties, Situs has a relatively high property-to-loan ratio. Senior and middle managers in the primary servicing group average 21.4 and 14.5 years of industry experience, respectively. These figures are consistent with other servicers in the ranking category. Conversely, primary servicing's senior and middle managers share relatively low tenure levels at three and 2.4 years, respectively.

Also as of year-end, 2014, the special servicing group had 43 employees, 21 of which are dedicated loan workout or real estate-owned (REO) asset managers. Each staff member has approximately five specially serviced assets--a low figure but not uncommon among special servicers given current market conditions. Senior and middle managers in the special servicing group average 28 and 21 years of industry experience, respectively, and six-year tenures at Situs. Special servicing loan workout and REO asset managers average 14 years of industry experience, with four-year tenures.

**Table 2**

Industry Experience/Company Tenure(i)								
	Senior managers		Middle managers		Asset managers		Staff	
	Industry experience	Company tenure	Industry experience	Company tenure	Industry experience	Company tenure	Industry experience	Company tenure
Primary	21.4	3	14.5	2.4	N/A	N/A	6.9	1.7
Special	28	6	21	6	14	4	9	3

(i)As of Dec. 31, 2014. N/A--Not applicable.

Overall, Situs industry experience levels compare favorably with those of similarly ranked servicers, but tenure levels are lower.

The primary servicing group is responsible for loan administration, cash management, asset management, surveillance, construction oversight, investor reporting, and customer service; the majority of professional staff is located in Houston. The special servicing group is responsible for delinquency management, CMBS special servicing, nonperforming loan workouts, operating advisor, REO management, default administration, and liquidation management. Hanover Street Capital is a wholly owned subsidiary of Situs Holdings LLC and offers debt acquisition, due diligence, and real estate advisory services. The special servicing group is based in San Francisco.

Corporate accounting, human resources, information technology, in-house legal, and operations staff further support both divisions.

We believe the corporate organizational structure provides appropriate oversight and accountability and supports the servicing duties and requirements associated with the Situs portfolio. The organization appears to be efficient and allows for synergies with affiliated companies that add scale and flexibility to the servicing platform.

Overall staffing levels have fluctuated considerably in the past few years as a result of changing business volume. As of year-end 2014, Situs' servicing operations employed a total of 98 full-time equivalents (FTE) with 55 and 43 employees in primary and special servicing, respectively. This represented a net gain of 22 FTEs in the primary servicing area and one in special servicing. Given its staffs' limited tenure at Situs and the significant influx of new hires, Standard & Poor's believes Situs will maintain what has historically been a solid commitment to employee training.

## **Training**

Situs displays a solid commitment to training and employee development, and since the Stone Point acquisition, it has made good progress integrating the legacy training programs. Situs University was established to provide educational opportunities to employees, third parties, and clients. Its training curriculum consists of technical, compliance, and professional development and includes all aspects of real estate analysis, asset management, underwriting, and investment servicing across various property types and loan structures. Additional training opportunities cover software, loan servicing processes, appraisal, loan workout, foreclosure, bankruptcy, lender liability, and management and leadership skills. The presentation format varies and includes online webinars, staff subject matter experts, external guest speakers, and industry conference attendance. All new hires receive a systems, compliance, and policies and procedure overview training within the first week of hire. Subsequently, a senior level employee overshadows the new hire for day-to-day processes.

Situs has a target of 25 training hours per employee per year for the primary servicing team and 20 hours per employee in the special servicing group. Last year's records indicate that primary servicing employees surpassed their target, and the special servicing staff met its goal. Special servicing has a dedicated training coordinator, and all completed training and development are centrally tracked.

## **Systems and technology**

Situs operates the Enterprise! system in a secure hosted environment, which provides a system support, maintenance, and updates, as well as a helpdesk, document imaging, online client reporting, business continuity, and disaster

recovery. The Enterprise! system supports servicing, asset management, and reporting for most collateral and investor types. Functionality includes loan accounting, escrow administration, collateral surveillance, asset management, customer service, client reporting, and portfolio management. Situs has begun the process of introducing the Enterprise! Borrower website feature to its clients, which allows borrowers to access loan information.

Situs uses a Web-based proprietary system (Management Information Data Analysis System, or MIDAS) for collateral management, disposition, and special servicing. MIDAS provides electronic, centralized data management, and reporting that stratifies the requirements of the specially serviced portfolio and clients. System functionality includes:

- Fully automated user action items and e-mail notifications;
- Pooling and servicing agreement (PSA)-driven compliance tracking and reporting;
- Capturing and storing deal-, loan-, and property-level data;
- Asset activity and reporting workflow;
- Fully integrated business plans and cash flow modeling;
- REO, bank account, and property manager tracking;
- Ticklers and management reports;
- Client and third-party reporting;
- Committee and approval workflows; and
- CRE Financial Council (CREFC) Compliant Reporting.

Additional technology applications include:

- Situs Insight, a knowledge and information portal designed as a central repository for global CRE news, data, and research;
- Closer, which provides origination pipeline management, underwriting, asset management and surveillance, due diligence, and risk management tools;
- PolicyTech for quick, easy access to corporate policies and procedures, as well as document control and change management; and
- SharePoint for multiple activities, including bank account reconciliations, advance monitoring, new loan boarding, and suspense funds clearing.

Situs takes a layered approach to data and system security for both internal computing and external remote access; hardware refresh cycles are monitored to maintain peak efficiency and uptime reliability. The company maintains comprehensive disaster recovery and business continuity procedures and targets resumption of cash processing and investor reporting one day after an event. Situs tests its disaster recovery systems annually; the most recent were in October 2014 for primary servicing and November 2014 for special servicing. No material exceptions were identified.

The servicing and accounting systems continue to be well-automated and integrated, and, in our opinion, Situs maintains sound data backup protocols and a suitable disaster recovery plan.

### **Audit and internal controls**

We believe policy and procedure manuals are well written and cover all core primary and special servicing functions. The policies and procedures are available to all employees via a shared network. Dedicated staff members manage the change process, and senior management must approve all proposed changes prior to implementation. PolicyTech also provides policy and procedures management by allowing automated versioning, archiving, and history changing along

with an approval workflow. Situs schedules revisions to the manual at least annually or as needed to accommodate system or procedural changes. A compliance manager creates online abstracts of each PSA, ensuring all necessary reporting triggers and requirements are entered into the servicing systems.

Annual Uniform Single Attestation Program (USAP) audits are completed on the primary servicing operation, but this audit does not extend to the special servicing business. The primary servicing USAP audits covering the past nine calendar years have been clean, and no material exceptions were noted. USAP and Regulation AB audits were successfully completed for both primary and special servicing for 2014 with no material findings. Situs is also subject to periodic reviews and audits from clients, including mortgage lenders and investors.

The Global Assets Under Management Compliance Committee monitors Situs' primary and special servicing, asset management, surveillance, and operating advisory operations to ensure compliance with policies and procedures, servicing agreements, training goals, and other legal and regulatory requirements and appropriate industry standards. Situs performs an internal audit annually, which covers policy and procedure compliance and the internal control effectiveness. Audit results are reported directly to Situs' board, and senior managers from the respective process areas are charged with follow-up and resolution of audit findings and recommendations. The internal controls and compliance framework appear to be robust and effective with the last audit performed in January 2015.

The global compliance committee is tasked with ensuring consistent processing controls application throughout all global servicing activities. This is critical to ensure all work product meets Situs's quality standards regardless of a loan's complexity or the client's needs. In addition, SAM implemented a formal compliance program based on the existing Situs Holdings LLC program.

In addition, Situs engages a third-party auditor to review a sample of property management companies currently under contract; the objective of the audit is to ensure compliance with the requirements and guidelines set forth in the property management agreement.

### **Insurance and legal proceedings**

Situs has acceptable directors and officers and errors and omissions insurance coverage. Currently, no pending material servicing-related litigation is in progress.

## **Loan Administration--Primary Servicing**

Our subranking for Situs' commercial mortgage primary servicing loan administration is ABOVE AVERAGE. We believe Situs has well-defined processes, procedures, and controls to monitor compliance, timeliness, and accuracy in each of these areas. Automation and leverage of the Enterprise! servicing system allow Situs to maintain an efficient platform that minimizes manual input.

As of Dec. 31, 2014, it serviced a 963-loan portfolio, constituting a total unpaid principal balance of approximately \$21.8 billion (see table 3). Situs has a relatively high property-to-loan ratio and currently manages 3,743 collateral properties. The portfolio is geographically diverse and contains all major collateral property types. Situs services loans for a mix of investor types including CMBS, life insurance company mortgages, CRE collateralized debt obligations

(CDOs), and private equity and investment funds. Loan delinquency rates historically were much higher than those of traditional commercial servicers primarily because of Situs' servicing history and focus on problem assets, including the Federal Deposit Insurance Corp. receiverships assignment of failed banks' nonperforming loans. The company's business strategy is to offer solutions for real estate investors seeking an alternative, high-touch real estate-centric servicing platform. Its core business focuses on large, highly structured transactions, CDO collateral management, small balance CRE loans, subordinate debt, equity interests, and life insurance company loans.

**Table 3**

Primary Servicing Portfolio Overview								
	Dec. 31, 2014		Dec. 31, 2013		Dec. 31, 2012		Dec. 31, 2011	
	Unpaid principal balance (mil. \$)	No.	Unpaid principal balance (mil. \$)	No.	Unpaid principal balance (mil. \$)	No.	Unpaid principal balance (mil. \$)	No.
Primary loans	21,756.2	963	12,081.8	879	9,058.5	1,176	10,430.7	3,793
Master (SBO) loans	0.0	--	161.9	2	0.0	--	0.0	--
Total servicing	21,756.2	963	12,243.6	881	9,058.5	1,176	10,430.7	3,793
Average loan size	22.6	--	13.9	--	7.7	--	2.7	--
Special servicing								
Loans	1,153.9	156	2,062.4	247	3,523.3	502	3,714.2	429
REO properties	250.8	35	378.5	73	531.5	76	564.4	61
Total special servicing	1,404.7	191	2,440.8	320	4,054.9	578	4,278.7	490

SBO--Serviced by others. REO--Real estate owned.

### New loan setup and data integrity

SAM is not predominantly a direct lender. As such, most new loan setup activity occurs from acquired servicing transfers via electronic downloads from prior servicing systems or manual boarding. The company has a controlled new loan setup function that includes servicing transfers and document verification with acceptable duty separation, accounting, and reconciliation controls. During 2014, the company boarded nearly 600 loans.

- The functional servicing division's loan administration section is responsible for new loan setup. Upon notification of funding, the accounting area and loan administration begin tracking funds from the closing and request all loan documents.
- Loan administration prepares a loan boarding checklist and creates an abstract of the loan setup file, which is input to the servicing system. The system provides standard error reports, and a senior manager or the in-house legal department review the documents and conduct a document to system verification.
- The escrow (tax and insurance) and asset management sections for their respective functional assignments also perform file reviews to ensure data accuracy.
- The loan file is inventoried, and trailing documents are tracked on the file management application.

### Payment processing

The loan servicing area handles the payment processing function in conjunction with the accounting/finance area.

- Automated payment processing occurs for 100% of the serviced portfolio (36% lockbox, 53% wires, and 11% automated clearing house).



- Currently, no checks are received on site. However, in that circumstance, a separate finance/accounting area would record the receipt, and the loan administration group would process them manually for posting to the servicing system.
- The payment clearing account is used for all deposit sources (lockbox, automated clearing house, wires, and checks), and the servicing system provides reports for fund transfers between the payment clearing account and investor custodial bank accounts.
- Corporate accounting reconciles payment clearing daily.

In our opinion, the company maintains proper cash controls by separating payment processing from general ledger and bank account reconciliations. Additionally, the servicing system is interfaced with the online bank system for automatic fund transfers among clearing, custodial, and corporate fee accounts with proper controls over the daily reconciliation.

### **Investor reporting**

The investor reporting section within loan servicing handles investor reports based on a system reminder calendar and system-generated reports. We believe appropriate controls are in place via repetitive wire templates for remitting principal and interest (P&I) funds to investors.

- The investor-reporting specialist prepares the reports, which the assigned portfolio manager reviews before release.
- The portfolio manager also reviews and approves outgoing wire information from the Enterprise! reports, and the actual funds release is controlled by formatted templates within the online bank wire system.
- Repetitive wires are used for remittances based on system reports, which are also approved by individual portfolio managers.
- Corporate accounting reconciles the investor custodial accounts monthly.
- Depending on the investor portfolio, certain loan activity (such as cash-managed loans and sales of construction or bridge loan units) requires more frequent remittances than monthly P&I. As such, additional procedures and automated tracking systems are in place to handle these activities.

When required, Enterprise! provides CREFC reporting formats with respect to CMBS advancing, pool-to-security reconciliations, and trustee CMBS reporting.

### **Escrow administration**

Loan servicing's compliance area handles taxes and property insurance, both of which are tracked on Enterprise! for escrowed and nonescrowed loans.

- Approximately 44% of the portfolio is escrowed for taxes, and roughly 19% is escrowed for insurance.
- System reports based on tax due dates are used to prepare check requisitions covering escrowed loans, and requisitions are also completed for REO and investment properties. The requisitions are forwarded to the accounting area for check issuance and then returned to loan administration for mailing. The accounting team prepares the envelopes to mail from corporate location. No checks are given to loan operations.
- The tax status of nonescrowed loans are verified 60 days after due date, and paid receipts are obtained.
- The insurance team runs and reviews upcoming insurance expiration reports and provides them bimonthly to the assigned asset managers.
- Reminder insurance notices are sent to borrowers based on system expiration dates with letters generated at 30 and 15 days before policy expiration; 30-day letters are also sent to the agent.
- Asset managers contact borrowers directly in the event of an insurance cancelation or unpaid premium.

- Insurance evidence is formally analyzed for coverage and carrier rating at renewal. SAM accepts binders and acceptable ACORD forms in lieu of the actual policies (unless the loan documents/servicing agreements specifically require insurance policies). Even though the servicing system can issue tax and insurance disbursement checks directly, the company's current check requisition procedure, which involves corporate accounting, provides what we believe to be good controls for all assets under administration. This is particularly noteworthy given the current size of the portfolio and the company's other equity investments and property management activities.
- Disbursement procedures are similar to those for taxes with the use of manual check requests.
- A forced-placed carrier is used for expired or noncompliant issues with a 90-day look-back provision. As of year-end 2014, 44 loans were on forced-place coverage, representing approximately 5% of the serviced portfolio.

Overall the company's escrow operations are sound, in our opinion. SAM incurred two separate tax penalties, but we consider each to be of an immaterial amount.

### **Asset and portfolio administration**

Asset managers conduct loan-level and portfolio performance reviews that the head of asset management and senior staff oversee.

- The asset managers handle financial statement collection based on reminders and system-generated request letters. The company reported a 95% collection rate for its portfolio as of year-end 2014.
- Analysts input the statements and normalize them using various templates based on investor requirements, which are subsequently reviewed by the lead asset manager assigned to the loan/portfolio. Noncompliance issues are flagged for inclusion on the investor and company watchlist.
- On a limited basis, to supplement its analytical team tasked with spreading the quarterly property financial statements, SAM utilizes an offshore firm.
- Property inspection are conducted based on system reminder dates, which are determined according to company policy and investor requirements, and are predominately (90%) performed by an approved third-party vendor.
- Inspection forms are either a SAM HTML format or a CREFC/Mortgage Bankers Association standard format, depending on investor requirements, and are reviewed by the portfolio manager.
- The portfolio/asset management group administers loan-level covenant and deal compliance.
- The loan administration section within loan servicing monitors Uniform Commercial Code refilings. System reports are used to initiate filing continuations at six months before expiration. Continuations are filed through a third-party vendor and are tracked for receipt of updated filings.

The company has well-described and documented procedures for monitoring asset and portfolio administration activities and follows CREFC watchlist standards for early warnings of potential problems.

### **Borrower requests**

Mortgage loan documents require the underlying borrower to obtain the lenders' consent prior to engaging in any activity that could alter the loan's value or the collateral property's performance. Examples include significant leasing activity, transfer and assumption of the mortgage debt, and the release or replacement of collateral. In these types of transactions (or borrower consents), the servicer's roles and responsibilities vary from one servicing agreement to another.

Asset managers process all borrower consent requests, which are tracked in the servicing system. SAM has relatively few borrower requests (in line with the relatively small number of performing loans being serviced).

## Early stage collections

The asset management group also administers early-stage collections. The staff contacts borrowers after payment due dates, and the system automatically generates late notices.

## Loan Administration--Special Servicing

The subranking for Situs' commercial mortgage special servicing loan administration is ABOVE AVERAGE.

The special servicing platform is based in San Francisco and is headed by George Wisniewski, executive managing director, who has an extensive CRE background. The organizational structure reflects a team approach in which asset managers work closely with asset analysts on their assigned portfolios. Deal assignments are generally based on geography and familiarity with local property markets, and they match specialty asset categories with asset manager capabilities. Resolution strategies vary based on client and investor requirements, but the basis for workout and liquidation decisions stresses maximizing net present value.

As of Dec. 31, 2014, Situs managed a special servicing portfolio of 146 loans totaling approximately \$1.0 billion and 45 REO assets totaling nearly \$400 million (see table 4). It is the named special servicer on 24 CMBS transactions with 1,480 loans and an unpaid balance of \$23.3 billion. The portfolio includes assets originated by a variety of capital sources, complex loan structures, and all major collateral property types located throughout the U.S.

**Table 4**

Special Servicing Portfolio														
Active inventory	December 31, 2014			Dec. 31, 2013			Dec. 31, 2012			Dec. 31, 2011			Dec. 31, 2010	
	Unpaid principal balance (mil. \$)	No.	Average time in special servicing (months)	Unpaid principal balance (mil. \$)	No.	Average time in special servicing (months)	Unpaid principal balance (mil. \$)	No.	Average time in special servicing (months)	Unpaid principal balance (mil. \$)	No.	Average time in special servicing (months)	Unpaid principal balance (mil. \$)	No.
Loans	1,153.9	156	25.3	2,062.4	247	18.5	3,523.3	502	13.0	3,714.2	429	11.9	1,520.3	1,712
Real estate owned	250.8	35	31.5	378.5	73	29.7	531.5	76	23.6	564.4	61	21.7	185.5	6
Total	1,404.7	191	27.0	2,440.8	320	20.2	4,054.9	578	14.4	4,278.7	490	13.2	1,705.8	1,718

Average age reflects time in months from date loan first became specially serviced to reporting date.

## Loan recovery and foreclosure management

Situs takes a proactive approach to interacting with CMBS master servicers prior to the actual transfer of problem assets. It reviews watchlists monthly and discusses any potential transfers with the master servicer. The company uploads the master servicer's loan advance data to MIDAS to closely monitor total advances outstanding against projected resolution amounts.

Situs has a proactive and controlled approach for loan transfers and resolutions (see table 5). The compliance manager is the liaison with master servicers and the point person to receive new loans transferred into special servicing. In this role, the compliance manager coordinates new loan transfers and monitors data integrity of assets that are boarded to the system. Initial servicing file audits are performed by analysts that also review servicing contract abstracts for client

requirements and key dates. Concurrently, the asset manager conducts a full file review, due diligence including a site inspection, and initiates borrower discussions to formulate an exit strategy. Within 90 days of an asset's transfer, the assigned asset manager prepares an asset business plan to substantiate a recommended action plan based on a net present value cash recovery analysis. These plans address key collateral, borrower, real estate mortgage investment conduit (REMIC), and other document issues. Internal approvals for initial business plans, updates, and transaction-specific recommendations are acceptably controlled, and all documents are maintained on a shared drive, that is backed up nightly.

**Table 5**

<b>Total Special Servicing Portfolio--Loan Resolutions</b>														
<b>Resolutions</b>	<b>Dec. 31, 2014</b>			<b>Dec. 31, 2013</b>			<b>Dec. 31, 2012</b>			<b>Dec. 31, 2011</b>			<b>Dec. 31, 2010</b>	
	<b>Unpaid principal balance (mil. \$)</b>	<b>No.</b>	<b>Average time in special servicing (months)</b>	<b>Unpaid principal balance (mil. \$)</b>	<b>No.</b>	<b>Average time in special servicing (months)</b>	<b>Unpaid principal balance (mil. \$)</b>	<b>No.</b>	<b>Average time in special servicing (months)</b>	<b>Unpaid principal balance (mil. \$)</b>	<b>No.</b>	<b>Average time in special servicing (months)</b>	<b>Unpaid principal balance (mil. \$)</b>	<b>No.</b>
Loans	1,073.2	102	24.9	949.7	162	20.4	2,119.8	221	15.0	1,546.1	203	12.4	492.7	171
Foreclosed loans	172.8	16	23.5	28.0	16	22.1	306.7	63	15.1	410.7	234	12.7	60.7	39
<b>Total</b>	<b>1,246.1</b>	<b>118</b>	<b>24.6</b>	<b>977.7</b>	<b>178</b>	<b>20.8</b>	<b>2,426.5</b>	<b>284</b>	<b>15.0</b>	<b>1,956.8</b>	<b>437</b>	<b>12.5</b>	<b>553.4</b>	<b>210</b>
<b>Resolution breakdown</b>														
Returned to master	270.8	21	32.5	407.8	26	23.6	729.8	56	20.5	983.9	71	14.4	388.9	44
Full payoffs	469.6	36	19.4	108.9	23	15.7	539.8	39	9.1	140.0	14	9.1	24.7	69
DPO or note sale	332.9	45	23.0	433.0	113	21.9	850.3	126	15.4	422.2	118	13.8	79.2	58
Foreclosed loans	172.8	16	23.5	28.0	16	22.1	306.7	63	15.1	410.7	234	12.7	60.7	39
<b>Total/Average</b>	<b>1,246.1</b>	<b>118</b>	<b>24.6</b>	<b>977.7</b>	<b>178</b>	<b>20.8</b>	<b>2,426.5</b>	<b>284</b>	<b>15.0</b>	<b>1,956.8</b>	<b>437</b>	<b>12.5</b>	<b>553.4</b>	<b>210</b>

DPO--Discounted payoff.

## Financial Position

Situs' financial position is deemed to be SUFFICIENT. This is based on our review of the audited financial statements for SITUS.

## Related Criteria And Research

### Related Criteria

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

### Related Research

- Situs Holdings LLC, Situs Asset Management ABOVE AVERAGE Commercial Servicer Rankings Affirmed, June 5, 2015

- Select Servicer List, June 1, 2015

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