

Media Contact:

Michelle Weiss, +1 267-960-6014 or michelle.weiss@morningstar.com

FOR IMMEDIATE RELEASE**Morningstar Credit Ratings, LLC Affirms 'MOR CS3' Commercial Mortgage Primary Servicer Ranking for Sabal Financial Group, LP; Raises Special Servicer Ranking to 'MOR CS2'**

NEW YORK, Sept. 25, 2014—Morningstar Credit Ratings, LLC today affirmed its 'MOR CS3' commercial mortgage primary servicer ranking for Sabal Financial Group, LP and raised its commercial mortgage special servicer ranking for Sabal Financial Group, LP to 'MOR CS2' from 'MOR CS3.' The affirmed primary servicer ranking and raised special servicer ranking are based on the following factors:

Primary Servicing:

- Expanded internal audit and compliance program: Sabal hired a compliance risk officer this year and will undergo internal audits in addition to its current FDIC Compliance Monitoring Contractor program in 2014. The additional audits will include a Regulation AB attestation and an SOC 1SM Service Organization Controls Report[®]. The most recently completed FDIC audit cited no material exceptions related to operational controls.
- Expertise administering nonperforming loans: Sabal has the expertise to service nonperforming loans based on its sound practices and policies governing loan administration and portfolio management. Morningstar also believes that Sabal is fully capable of administering performing loans as its third-party servicing activities increase.
- High level of automation: Sabal's technology tools provide a high level of automation and centralized data management that address commercial mortgage-backed securities (CMBS) reporting requirements, as well as loan administration and portfolio management duties.
- Comprehensive training function: Sabal has a training program that stresses industry-related course work and career advancement. Sabal is also expanding its training function by forming a "University" with course work related to commercial real estate finance and servicing. Employees receive recognition and certification for successfully completing the program.

- Experienced management team: Sabal has a highly experienced management team. Additionally, the company's servicing manager has significant experience with the administration of performing, nonperforming, and construction loans for third-party clients.
- Sound loan administration and portfolio management: Sabal has sound practices that cover payment processing, tax and insurance administration, collateral performance monitoring, and the handling of credit issues on performing loans. The company also has expertise in distressed portfolios and providing investors with detailed and customized surveillance and asset management.
- Growth in servicing activities, client base, and portfolio diversity: Sabal continues to increase its assets under management by acquiring nonperforming loan portfolios directly from banks. It has increased its servicing assignments on nonperforming loan securitizations and continues to grow its third-party servicing activities, which has resulted in further diversification of its servicing portfolio by geographic location and property type and an increase in larger-balance assets.

Special Servicing:

- Continually successful asset resolution performance: Sabal continues to resolve many challenging assets within its FDIC small-balance and CMBS portfolios. It reported average net recoveries exceeding 100% of value for real estate-owned (REO) sales between 2011 and 2013 and 96% during the first half of 2014. Morningstar believes this is a noteworthy achievement given the generally smaller sizes and correspondingly distressed nature of these properties.
- Experienced professional team: Sabal's management team and asset managers are highly experienced with complex asset management involving diverse collateral and investor types.
- Effective technology: Sabal uses the Microsoft Dynamics Client Relationship Management (CRM) system and SS&C Technologies' Loan Management System for asset management functions and tracking activities. The systems are integrated and address CMBS reporting requirements.
- Sound asset management practices: Sabal has sound asset management practices. Asset plans and all proposed resolutions require formal committee approval based on a delegation-of-authority matrix. Asset business plans are centrally located in Sabal's CRM system and are updated during the resolution process.
- Enhanced internal audit and compliance functions: The special servicing operation currently undergoes annual FDIC Compliance Monitoring Contractor audits and will undergo a Regulation AB attestation and an SOC 1SM Service Organization Controls Report® beginning this year. The FDIC audit tests a

high percentage of assets within Sabal's portfolio, and the most recent audit cited no material operational exceptions.

- Effective management of conflicts of interest: Based on Sabal's representations and control practices, the company has an autonomous decision-making process and sound practices to manage any conflicts of interest.

As of June 30, 2014, Sabal's primary servicing portfolio consisted of 2,086 loans with an unpaid principal balance (UPB) of approximately \$2.77 billion. The portfolio included 1,282 CMBS loans (approximately \$1.38 billion by UPB), 356 third-party (investment funds and banks) loans (approximately \$278.1 million by UPB), and 448 FDIC loans (approximately \$1.11 billion by UPB). By comparison, as of Dec. 31, 2013, Sabal's primary servicing portfolio consisted of 2,329 loans with a UPB of approximately \$2.68 billion.

As of June 30, 2014, Sabal's total active special servicing portfolio comprised 1,258 loans and 4,632 REO properties with a combined UPB of approximately \$2.52 billion. The CMBS portion of the active special servicing portfolio comprised 823 loans and 1,746 REO properties with a combined UPB of approximately \$1.30 billion. By comparison, as of Dec. 31, 2013, Sabal's total active special servicing portfolio, inclusive of CMBS and non-CMBS, comprised 1,572 loans and 4,549 REO properties with a combined UPB of approximately \$2.43 billion.

The forecast for both rankings is Stable. Morningstar expects Sabal to continue serving as an effective commercial mortgage primary and special servicer for CMBS and third-party investors.

To access Morningstar's operational risk assessment methodology and all published reports, please visit <https://ratingagency.morningstar.com>.

About Morningstar Credit Ratings, LLC and Morningstar, Inc.

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