# Prudential Asset Resources

## Servicer Report

### Ratings

| | |
|---|---|
| Commercial Master Servicer | CMS2+ |
| Commercial Primary Servicer | CPS1 |
| Commercial Loan Level Special Servicer | CLLSS2 |

### Related Research

Fitch Affirms Prudential's Commercial Servicer Ratings (February 2016)

Fitch Affirms Prudential Plc's IDR at 'A+'; Outlook Stable (December 2015)

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## Servicer Summary

Prudential Asset Resources (PAR, or Prudential) is the commercial real estate (CRE) loan servicing subsidiary of Prudential Mortgage Capital Company (PMCC), a wholly owned subsidiary of Prudential Financial Inc. (PFI). The company performs loan servicing exclusively for loans originated by PMCC that are held in the company's general account, securitized in CMBS transactions or originated for government agencies or other institutional investors.

PAR's commercial servicing portfolio comprises non-securitized insurance company loans on behalf of PMCC, representing 59% of the portfolio by loan count. The company also performs servicing for government-sponsored enterprises (GSE), institutional investors, and CMBS loans, representing 33%, 8%, and 15% of the portfolio, respectively, by loan count. CMBS primary servicing, which had been declining over the past three years, has begun to increase due to PMCC contributions to Freddie Mac K-series transactions and CMBS loan originations through Liberty Island.

Liberty Island is a joint venture platform formed in 2012 between PMCC and Perella Weinberg, to originate and securitize new vintage CMBS loans. The venture originated 51 loans totaling $668 million in 2015 and 239 loans representing $3.2 billion since inception for which PAR has retained servicing on the loans contributed. A new unaffiliated institutional investor is expected to replace Perella Weinberg in early 2016 and increase originations based on a larger capital commitment.

## Key Rating Drivers

**Company/Management:** Prudential has been servicing CRE loans since 1898 and after a lengthy review process, completed its first CMBS securitization in 1999. The company continues to remain active in servicing and originating CRE loans particularly for the general account and to a lesser extent for new vintage CMBS and GSEs. Servicing functions performed by PAR are key to supporting the CRE originations of PMCC providing a steady flow of new business. PAR also services the majority of CRE investments of PFI.

**Staffing and Training:** Managers in master and primary servicing average seven years of company tenure and over 25 years of industry experience while servicing staff average seven years of company tenure and 15 years of experience. Special servicing managers average more than nine years of company tenure and 28 years of workout experience. Employees continue to exceed the company's required training minimum, having completed 52 hours of formal training on average in 2014 and 30 hours for the nine months ending September 2015.

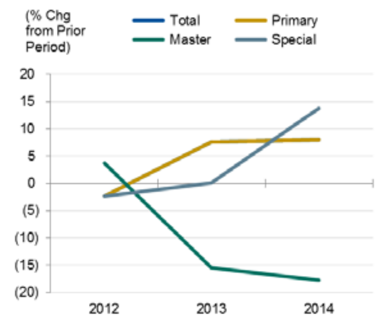
**Procedures and Controls:** PAR has a dedicated and robust business strategy and quality control (BSQC) group responsible for measuring performance, compliance, and accuracy through a comprehensive process that includes monitoring more than 250 metrics. PAR is also subject to an internal audit review by the parent of PMCC, Prudential Investment Management (PIM), as well as external RegAB and various third-party client audits none of which has resulted in material findings.

**Loan Administration:** PAR's core servicing system and ancillary systems are fully integrated into a robust technology platform that performs all servicing functions from origination to payoff as well as providing for key metrics to support compliance. While the Prudential uses both an offshore affiliate and an outsourcing vendor to perform certain servicing functions, the company retains the ability to perform and monitor the functions domestically as well as retains all approval authority.

## Company Experience Since

| | |
|---|---|
| CRE Servicing | 1875 |
| CMBS Primary Servicing | 1999 |
| CMBS Master Servicing | 2001 |
| CRE Loan Workout | 1875 |
| CMBS Workout | 2003 |

**Servicing Portfolio**




Source: Prudential Asset Resources.
Note: Special servicing includes loans actively in special servicing (including REO). Total excludes special

**Related Criteria**

Rating Criteria for U.S. Commercial Mortgage Servicers (February 2014)

Rating Criteria for Structured Finance Servicers (May 2015)

## Additional Rating Drivers

**Investment-Grade Financial Support:** Fitch Ratings maintains a long-term issuer default rating (IDR) for PFI of 'A–' with a Positive Rating Outlook as of December 2015.

**Defaulted/Nonperforming Loan Management:** Nonsecuritized loans, which represent a majority of PAR's named special servicing portfolio, are balance sheet loans originated by PMCC. While the special servicing team is small, staff members manage specially serviced loans in a team environment and have experience with all CRE property types across all markets. The size of the special servicing team is appropriate for the limited number of active specially serviced loans.

### *Servicer Ratings*

Fitch rates primary and master servicers, which protect the interests of the certificateholders in the trust, by servicing and administering the mortgage loans. The primary servicer is responsible for day-to-day servicing functions, while the master servicer is responsible for monitoring the activities of the primary servicers, investor reporting, and timely remittance of funds to trustees.

Fitch also rates special servicers, which are key to maintaining the credit quality of a pool containing nonperforming commercial mortgages and real estate-owned assets. The special servicer is responsible for working out loans, foreclosing, and liquidating assets.

In assessing and analyzing the capabilities of primary, master, and special servicers, Fitch reviews several key factors, including the management team, organizational structure and operating history, financial condition, information systems, and, with respect to the special servicer, workout and asset disposition experience and strategies.

Fitch rates commercial mortgage primary, master, and special servicers on a scale of 1 to 5, with 1 being the highest rating. Within each of these rating levels, Fitch further differentiates ratings by plus (+) and minus (–) as well as the flat rating.

## Company Overview

PAR is the commercial mortgage servicing entity of PMCC, a wholly owned subsidiary of PFI. PFI is one of the world's largest financial services organizations, with operations in the U.S., Asia, Europe, and Latin America and over $1 trillion in total assets under management as of June 30, 2014. As of Sept. 2015, PAR's total servicing portfolio consisted of 5,070 loans totaling $85.8 billion, of which approximately $10.6 billion were CMBS.

PAR's commercial servicing operations continue to focus on loans originated by PMCC, for CMBS, government agencies (Federal Housing Administration [FHA], Fannie Mae, and Freddie Mac) and other third-party investors. The diversification of PAR's servicing portfolio continues to increase while the number of loans declines slightly. In addition to CRE servicing competencies, PAR also performs general ledger accounting, transfers, debt valuations, and total return reporting for insurance company loans, new loan forecasts, loan quality ratings, and loan fee accounting for PMCC.

Principal servicing operations and the majority of servicing staff are located in Dallas, with offshore servicing staff located in Letterkenny, Ireland, through an affiliate company, Pramerica (PFI's offshore captive platform). PAR also has expanded international commercial loan servicing and now services more than $2.0 billion in loans denominated in foreign currencies of yen, Euro, and pound sterling out of the Dallas office. PAR continues to be an active CMBS servicer, retaining loan servicing for loans originated by Liberty Island Group, a joint venture dedicated to CMBS originations. Since inception, the group has contributed 239 loans

Prudential's diversified servicing platform supported largely by PMCC originations has offset portfolio runoff experienced by most CMBS servicers.

representing $3.2 billion and contributed to CMBS transactions for which PAR has retained the primary servicing on the loans contributed.

## Servicing Portfolio Overview

| | 9/30/15 | % Change | 12/31/14 | % Change | 12/31/13 |
|---|---|---|---|---|---|
| **Total Servicing** | | | | | |
| UPB ($ Mil.) | 85,755.9 | 5 | 81,389.2 | 8 | 75,402.5 |
| No. of Loans | 5,070 | (2) | 5,155 | 0 | 5,177 |
| **Primary Servicing** | | | | | |
| UPB ($ Mil.) | 85,755.9 | 5 | 81,389.2 | 8 | 75,402.5 |
| No. of Loans | 5,070 | (2) | 5,155 | 0 | 5,177 |
| **Master Servicing** | | | | | |
| UPB ($ Mil.) | 4,546.0 | (21) | 5,789.0 | (18) | 7,035.9 |
| No. of Loans | 383 | (26) | 520 | (19) | 643 |
| **Special Servicing – Named** | | | | | |
| UPB ($ Mil.) | 60,155.3 | 2 | 58,898.4 | 14 | 51,800.26 |
| No. of Loans | 3,075 | (10) | 3,404 | 3 | 3,304 |
| **Special Servicing – Active**[a] | | | | | |
| UPB ($ Mil.) | 463.7 | 84 | 252.7 | (16) | 328.9 |
| No. of Loans | 27 | 0 | 27 | (7) | 30 |

[a]Including REO

## Financial

Fitch affirmed a long-term IDR for PFI of 'A–' with a Positive Rating Outlook as of Dec. 15, 2015. PFI's rating reflects the company's strong balance sheet fundamentals and very strong competitive position in the U.S. and Japan life insurance markets. PFI's strong positions relative to competitors provide significant scale advantages associated with expense efficiencies, spread of risk, and access to distribution. Primary rating concerns include challenges associated with ongoing low interest rates, weak macroeconomic conditions in Japan that may hinder growth in earnings and revenue and leverage metrics that have improved over the past year but remain high relative to the positive outlook.

The Positive Outlook reflects PFI's improved operating and earnings profile in recent years, which has benefited from recent acquisitions and improved market conditions. Recent financial performance has exceeded rating expectations and has led to a material improvement in key credit metrics associated with interest coverage and cash flow.

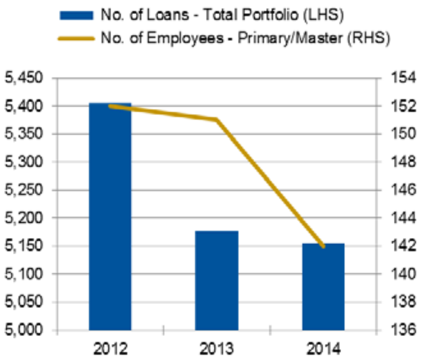
PAR hired a new executive manager with 30 years of commercial mortgage experience from a large institutional bank to serve as President of PAR and assumed responsibility for servicing in June 2015.

## Employees

As of Sept. 30, 2015, PAR maintained a master and primary servicing staff of 142 people, inclusive of 14 staff located in Letterkenny as part of Pramerica. While master and primary servicing headcount remained consistent from the prior year, three employees were added in Pramerica.

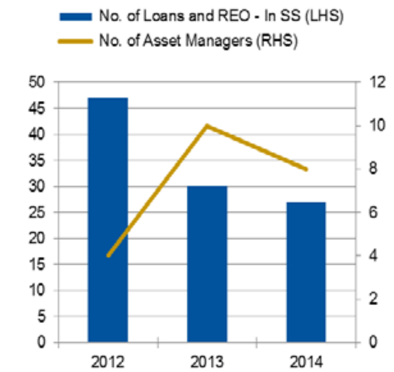
Staffing levels are monitored by senior management on a monthly basis; senior managers proactively manage recruitment relative to turnover to ensure staffing levels remain adequate to meet servicing obligations. Employee performance is monitored with midyear and annual

## Loan and Employee Counts




Source: Prudential Asset Resources.

## SS Loan and Employee Counts




Source: Prudential Asset Resources. Note:

Fitch noted several consecutive years of management turnover as a concern; however turnover among middle managers stabilized in 2015 and senior management turnover was the result of one internal transfer and one retirement.

While adequately staffed relative to current volume, the small size of the asset management team presents key man risk for special servicing. Reallocation of affiliates' staff would likely occur if defaults increased.

performance appraisals, 360-degree peer feedback, skip-step conversations, mentoring programs, customer survey feedback, and ongoing staffing discussions.

### Master/Primary Servicing

PAR experienced 8% overall turnover among master/primary servicing employees in 2015 due to 12 employee separations. Turnover declined significantly from 20% observed in 2014 during which time a planned reduction in force occurred. Turnover was highest among the senior management team as a result of two senior management transfers to affiliate companies, including the executive manager of responsible for servicing. The transfer of the executive manager to the company's agency lending affiliate was planned and occurred over several months while a replacement was identified. PAR hired a new executive manager with 30 years of commercial mortgage experience from a large institutional bank to assume responsibility for servicing in June 2015. Additional turnover in 2015 consisted of one middle management and six staff-level voluntary departures as well as three involuntary staff departures.

## Employee Statistics

| | 2015 | | | | 2014 | | | |
|---|---|---|---|---|---|---|---|---|
| | No. of Employees | Average Years Industry Experience | Average Years Tenure | % Turnover | No. of Employees | Average Years Industry Experience | Average Years Tenure | % Turnover |
| **Primary/Master Servicing** | | | | | | | | |
| Senior Management | 3 | 31 | 4 | 57 | 4 | 27 | 9 | 25 |
| Middle Management | 25 | 19 | 10 | 4 | 25 | 18 | 9 | 25 |
| Servicing Staff | 114 | 15 | 7 | 8 | 113 | 14 | 7 | 19 |
| **Total** | **142** | — | — | **8** | **142** | — | — | **20** |
| **Special Servicing** | | | | | | | | |
| Senior Management | 1 | 26 | 3 | 100 | 1 | 14 | 9 | 50 |
| Middle Management | 1 | 30 | 14 | 0 | 1 | 26 | 12 | 0 |
| Servicing Staff | 5 | 20 | 6 | 55 | 6 | 14 | 4 | 15 |
| **Total** | **7** | — | — | **53** | **8** | — | — | **22** |

N.A. – Not available.

PAR continues to maintain an experienced and tenured management team. The group's three senior managers average 31 years of industry experience and four years with the company, while the 25 middle managers have 19 and 10 years of industry experience and company tenure, respectively. The experienced and tenured middle management team of 25 provides sufficient management depth and bench strength to support servicing operations and staff.

Staff-level employees, including those within Pramerica, average 15 years of industry experience and seven years of company tenure. Pramerica employees — who are solely dedicated to servicing and experienced no turnover over the past 12 months — average nine years of industry experience and six years with the company.

### Special Servicing

The special servicing group consists of one senior manager and one middle manager as well as five staff members. PAR does not maintain a separate real estate-owned (REO) group due to the limited number of REO assets. However, its experienced asset managers are responsible for foreclosure and REO management functions. As is common among non-third-party special servicers with low loan defaults, the special servicing team includes both employees dedicated to special servicing as well as employees who also perform other asset management functions for PMCC. Of the seven special servicing employees, two are dedicated to CMBS special servicing, with the remainder supporting PMCC and primary servicing and available as needed. Fitch noted that PAR has a deep bench of experienced staff with workout experience to draw upon should the volume of defaults increase.

During times of increased defaults, PAR has increased the size of the special servicing team by drawing experienced real estate professionals from other areas within PMCC such as originations. In addition, the group expanded geographically, placing asset managers in PMCC offices within highly distressed regions. While the limited number of dedicated special servicing professionals is a concern, PAR has demonstrated proficiency adjusting its staffing needs relative to market conditions and that the current size of the group reflects servicing volume.

The group experienced approximately 50% aggregate turnover due to the internal transfer of the group's senior manager as well as two voluntary and one involuntary staff level departures. Fitch noted that while the special servicing group has historically experienced elevated turnover, middle management and asset managers have not been affected significantly.

The special servicing group lead by a senior manager with 26 years of experience and three years of tenure with company. The manager has prior asset management and servicing experience within PAR. Middle management, which experienced no turnover, consists of one manager who also acts as one of the groups' two asset managers and has 30 years of experience and 14 years of tenure. Staff level employees, which largely provide support for asset managers, average 20 years of experience and six years with the company.

While the management team within special servicing is small and presents potential key man risk, Fitch believes these risks are mitigated by the depth of experience and tenure of the entire group as well as the resources available within master/primary servicing.

## Training

PAR's master and primary servicing employees are required to complete a minimum of 40 training hours annually through PAR's training program, called PAR Academy, as well as complete level one of the MBA CCMS certification program within 12 months of employment. The company also provides employees the opportunity to complete level two of the MBA CCMS certification and currently has three employees who have completed the full CCMS program. A training committee, made up of representatives from each department, work to determine training needs and topical issues most meaningful to staff.

PAR is the only Fitch rated servicer that requires all employees to complete the MBA Certified Commercial Mortgage Servicer (CCMS) designation level one and offers level two as an elective.

PAR Academy is designed to improve individual skill sets, develop leadership competencies and offer departmental cross-training opportunities. Training is provided through a variety of methods, including web-based training, vendor-sponsored webinars, and outside instructors and is administered, tracked, and feedback provided through PAR's proprietary application, TrainingConnect. For the nine months ended Sept. 30, 2015 and Dec. 31, 2014, PAR employees averaged 30 and 52 hours of training, respectively, consistent with most large Fitch-rated servicers.

In addition to PAR Academy, PAR offers financial support to employees for undergraduate and post-graduate studies and professional certifications.

## Operational Infrastructure

### Offshoring

While the Prudential uses both an offshore affiliate and an outsourcing vendor to perform certain servicing functions, the company retains the ability to perform and monitor the functions domestically as well as retains all approval authority.

Pramerica is a captive offshore affiliate located in Letterkenny supporting various Prudential affiliate companies. Of Pramerica's 1,000-plus employees, 14 are dedicated to PAR servicing.

The affiliate, which originally began as a business continuity platform for servicing, has grown to become an integral part of daily operations and adds five additional hours to PAR's workday. Employees within Pramerica are able to perform and/or participate in payment processing, new loan setup, accounting support, international treasury, reserve disbursements, investor reporting, surveillance, and international servicing support.

The performance and output of Pramerica employees are monitored by managers in Dallas using key performance indicator reports. The report monitors multiple performance metrics around servicing functions and tracks volume, productivity, and quality.

### Outsourcing

PAR outsources limited servicing functions to Silverskills in Delhi, India and Covius in Atlanta. Silverskills performs data entry for rent rolls as well as financial statement data entry spreading within PAR's LoanConnect application; Covius performs insurance policy data input, also within LoanConnect. The work product of both vendors is reviewed by PAR, which itself maintains the ability to perform both functions internally if needed. The VP of BSQC oversees Silverskills with the goal of further leveraging its capabilities in assisting with new loan data abstraction and verification, reserve disbursement package preparation, and insurance policy reviews. Fitch expects PAR to increase the volume of outsourcing to Silverskills. The strength of controls mitigate the potential operational risk.

Similar to other CRE servicers, PAR engages third parties for tax payment and reporting, UCC filings, and property inspections. Fitch does not view the current level of outsourcing to be material given its limited scope.

### Vendor Management

Vendor management is the responsibility of Prudential's enterprise vendor governance office which is made up of employees from legal, compliance, audit, risk management, and the individual business lines. The vendor governance office maintains processes for selecting and engaging vendors and analyzes the financial condition, capabilities, and controls around outsourced functions as well as performs a risk rating analysis of the vendor. Additionally, PAR established a business services support team specifically responsible for working with the vendor governance office and the PMCC risk management group on behalf of PAR to ensure vendors are monitored and assessed for the appropriate risk level.

Prior to engaging a vendor, a performance monitoring plan is developed that includes monthly, quarterly, and annually reporting. The business support services team actively solicits feedback from PAR line managers to confirm ongoing monitoring and identify any material changes that may impact the risk assessment of the vendor. Managers are responsible for monitoring and validating the work of their teams, including quality control testing. The director of BSQC is responsible for monitoring the performance of offshore vendors. Vendor performance is also tracked by servicing function in PAR's Key Indicator Report which contains multiple metrics to monitor each servicing function.

## Information Technology

PAR uses McCracken's Strategy, version 17, as its primary system for all loans, including loans for non-U.S. collateral. In addition, the following secondary systems and applications are integrated with Strategy, one-half of which were developed internally and are currently maintained as such:

- LoanConnect: Loan originations, asset management and work flow.
- DataConnect: Data warehouse.
- BorrowerConnect: Borrower website.
- InvestorView: Investor website.
- PruXchange: Website for document exchange.
- IBM Content Manager: Third-party document imaging and content management.
- Argus: Third-party property valuation.
- MIAC: Third-party servicing portfolio valuation.
- PRIDE/AMLS: Third-party check production system and OFAC verification.
- Oracle: Third-party general ledger.

Nightly data feeds from Strategy are used to populate DataConnect for reporting purposes and LoanConnect. Cognos ReportNet is the primary report writer for DataConnect and LoanConnect. Additional reporting is available through preprogrammed reports in Strategy as well as ad hoc reporting through Crystal Reports and the AS400's query tool. Robot Reports is used to schedule, distribute, and store all key reports.

Recent technology enhancements include the implementation of Salesforce for contact management, automation of money movement and bank reconciliations, as well as bulk emails to borrowers and third-parties related to deferred maintenance, inspections, and financial statement collection.

Application and technology support is provided by a team of IT professionals located in Dallas, TX, Atlanta, GA and Newark, NJ. Network and desktop support services are provided by the Prudential global business and technology support groups. Security administration and oversight are provided by PIM's business security office.

## Disaster Recovery/Business Continuity Plan

PAR maintains a business continuity plan that is distributed to senior management and disaster recovery teams. The primary business plan includes both a work-from-home strategy as well as a contract for 25 dedicated workstations in a SunGard facility located approximately 23 miles away from the main office. Business-critical associates have been equipped with laptops allowing remote access to all critical Prudential systems. The plan includes information cards and a call tree listing critical phone numbers, contact information and meeting places that are distributed to all employees. In addition to the formal business continuity plan for U.S. operations, PAR is able to leverage Pramerica to perform critical servicing functions such as cash processing.

Prudential's business continuity plan includes a work-from-home strategy, dedicated seats at a contracted facility within reasonable proximity of the principal servicing office in Dallas which Fitch believes to be a best practice. Additionally Pramerica resources can be used to perform critical servicing functions as well as other Prudential offices if necessary.

The Strategy loan servicing system is hosted by McCracken in its Billerica, MA, data center. The data center has a redundant power supply with a disaster recovery contract with SunGard for 24-hour recovery. All other PAR applications are hosted by the Prudential data center in Roseland, NJ, which also has a redundant power supply. In addition, Prudential maintains a secondary production data center in Dresher, PA, that can become the primary production site within four hours of a disaster event. The most recent data center failover test occurred in September 2015 with successful results.

The disaster recovery plan and activation of the recovery location are tested on an annual basis, with the most recent successful test in May 2015 with no material issues cited.

## Internal Control Environment

PAR maintains a multifaceted internal control environment. Controls are established through formal policies and procedures and compliance is actively monitored by dedicated quality control resources, largely through comprehensive metrics for accuracy and timeliness. PAR is also subject to internal audit reviews by Prudential Investment Management (PIM), a subsidiary of PFI whose coverage includes PMCC and PAR, as well as external, Reg AB and third-party client audits.

### Policies and Procedures

Fitch noted that while PAR's policies and procedures are thorough and complete, they have not been updated in several years despite a multi-year project to review them.

PAR policy and procedures are available to all employees electronically through the company's internally/externally developed LoanConnect application. All policies and procedures are reviewed and approved by the BSQ director, the responsible team director and VP. The policies and procedures reflect the original implementation date as well as the date of the most recent revision. In addition to policies and procedures, LoanConnect also contains pooling and servicing agreements (PSAs) and PSA abstracts for all transactions in which PAR is master servicer. Fitch reviewed a sample of Prudential's policies and procedures and found them to be complete, with step-by-step instructions and illustrations for servicing tasks. PAR is in the process of reviewing and revising dated policies and procedures which Fitch noted as a concern; most policies and procedures sampled had not been reviewed or updated in several years.

### Compliance and Controls

Fitch reviewed PAR's Sept 2015 key performance indicator report noting the report is an effective tool to monitor compliance and identify servicing trends

PAR's dedicated BSQC team is responsible for measuring performance, compliance and accuracy through a comprehensive metric process. The process includes more than 250 key performance metrics to track accuracy and timeliness on a monthly basis. The team is composed of four members, including the director of quality control, who reports directly to the president of PAR. BSQC also regularly performs independent testing of various processes, including new loan setup, delinquency monitoring, adjustable-rate loans and payoffs. Exception reports are automated in the system and monitored by the BSQC team.

Examples of internal controls monitored by the BSQC team and reported monthly include investor report timeliness as specified in the servicing agreement, UCC lapses, letter of credit lapses, errors in advancing, and loan and property data integrity. In addition, the BSQC team prepares quarterly quality control reports for FHA Insured and Ginnie Mae loans, which are provided to and countersigned by senior management.

### Internal Audits

PIM has a separate investment audit team of approximately 150 at the corporate level, employees of which are allocated to PMCC and PAR based on the scope of the internal audit. The team performs annual audits of PAR servicing functions with varying scopes based on a risk assessment of each function and other audits performed in a given year.

The servicing group with PAR is subject to an internal audit by PIM annually, although the scope varies and is based on an annual risk assessment of all PMCC entities. PAR considered a medium risk entity subject to a full internal audit every two to four years. The most recent full-scope internal audit was performed in 2013, with no material exceptions noted and a limited scope review focusing on SOX controls was performed in 2015 with no findings. PAR is scheduled for a full scope audit by PIM in 2016.

### External Audits

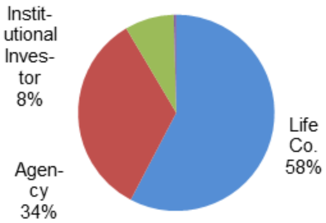
PAR is subject to annual RegAB audits for its servicing portfolio. Fitch reviewed PricewaterhouseCoopers LLP's (PwC) 2014 Reg AB audit of PAR issued on March 10, 2015. The audit confirmed PAR's compliance with servicing criteria and contained no negative findings. PAR did not undergo a USAP audit in 2014 as in prior years, favoring instead the Reg AB audit of its entire portfolio.

In addition to the Reg AB audit, PAR was the subject of 10 additional external financial reviews in the past 12 months by PwC on various commercial mortgage functions as well as four external audits/reviews from government sponsored entities (Freddie Mac, Fannie Mae, Ginnie Mae, and FHA).

## Primary Servicing

As of September 30, 2015, PAR acted as primary servicer for 5,070 loans totaling $85.7 billion, including 779 CMBS loans representing $10.5 billion and 4,291 non-CMBS loans totaling $75.1 billion. While PAR's servicing portfolio has been declining by loan count, the total balance of loans serviced has increased steadily due to larger balance new originations. Non-CMBS loan servicing is performed for PMCC (85% by count) and GSE (28%) and on behalf of institutional investors (8%).

**Primary Servicing Product Type**
(As of Dec. 31, 2014)




Source: Prudential Asset Resources.

## Primary Servicing Portfolio Overview

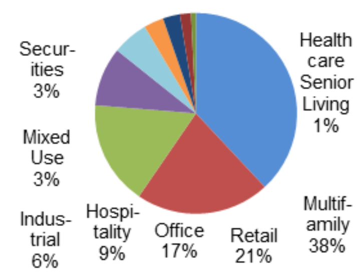
| | 9/30/15 | % Change | 12/31/14 | % Change | 12/31/13 |
|---|---|---|---|---|---|
| **CMBS** | | | | | |
| No. of Transactions — Primary Servicer | 87 | 30 | 67 | 219 | 21 |
| UPB — Primary Servicing ($ Mil.) | 10,571 | 2 | 10,364 | 20 | 8,652 |
| No. of Loans — Primary Servicing | 779 | (5) | 822 | 6 | 775 |
| **Non-CMBS** | | | | | |
| UPB ($ Mil.) | 75,184 | 6 | 71,030 | 6 | 66,750 |
| No. of Loans | 4,291 | 1 | 4,267 | (3) | 4,402 |

### New Loan Setup

PAR works closely with PMCC's regional offices to set up newly originated loans. Loan closers in Prudential's regional offices enter required data elements into LoanConnect, which is then transferred to Strategy via an automatic feed once the loan has closed. Following the receipt of executed loan documents, PAR performs a quality control review on all data points prior to the loan being released into production. New loan boarding takes approximately one hour as a result of data feeds from LoanConnect, and PAR's goal is to set up all new loans within two days of closing. The BSQC team monitors loan boarding timelines through exception reports as well as reviews 20% of new loans against the original loan documents.

Throughout the loan origination process, loan covenants are captured by several groups across PMCC and PAR. Originators and loan closers are responsible for the initial input of loan covenants into LoanConnect. A quality control review occurs both at the regional office where the loan was originated and by PAR, as it is responsible for monitoring and managing all post-closing covenant actions and boarding the loans to Strategy, which is done largely by a nightly data feed. Reports and email reminders are sent to responsible parties within PAR once loan covenants are tripped. An asset manager reviews the loan documents for lockbox covenant requirements and captures the data in LoanConnect for tracking and compliance administration.

**Primary CMBS Servicing - Property Type**
(As of Sept. 30, 2015)




Source: Prudential Asset Resources.

## Accounting and Cash Management

Payments are collected via ACH (68%), wires (15%), lockbox (15%), and checks (2%) and processed by the servicing, treasury operations, and accounting teams to ensure proper processing and provide multiple independent verifications. The servicing team is responsible for monitoring bank accounts, posting transactions, and verifying account reconciliations daily. Daily and monthly account reconciliations prepared by SilverSkills and submitted to PAR for verification and approval. In addition, the team is responsible for resolving unidentified receipts. The treasury team is responsible for money movements, check and wire disbursements and overall checks and balances. Finally, the accounting team independently verifies all receipt account activity daily to ensure aged or unidentified receipts are resolved.

PAR has a dedicated cash management team that works with the banks, borrowers and internal and external counsel to ensure that cash management is timely and accurate. The core responsibilities of this team include covenant monitoring, document negotiation, waterfall management, and review of the budgets on a loan-by-loan basis and overall management and administration of the cash management process.

PAR maintains good controls over cash management through separation of duties and multiple layers of review of cash movement.

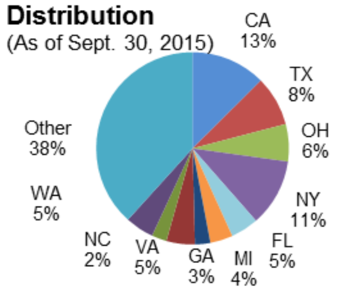
## Escrow Administration

PAR administers tax and insurance escrows for approximately 42% of the entire portfolio serviced and 78% of CMBS loans serviced. Tax and insurance escrow accounts are reviewed annually to confirm sufficient funding for the year using monthly reports from the servicing system to identify loans due for updated escrow analysis. A monthly exception report identifies any lapse in a loan's annual escrow review.

Tax payments for non-escrowed loans are monitored and tracked similarly to escrowed loans to ensure taxes are paid timely. Weekly tax monitoring reports are generated from the servicing system to identify all loans with delinquent taxes or due within 30 days.

The servicing team is responsible for reviewing tenant improvement and leasing escrow draw requests and distributions. Following the receipt of a borrower's draw request, with proper documentation, the request is reviewed, independently approved, and disbursed in accordance with the loan documents. All escrow due dates and any compliance items are tracked in LoanConnect.

**Primary CMBS Servicing - Geographic Distribution**
(As of Sept. 30, 2015)

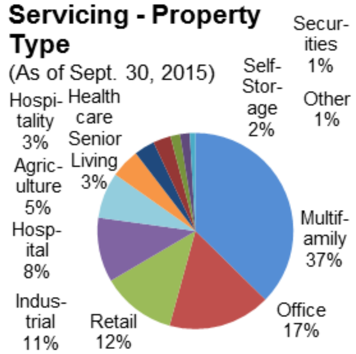



Source: Prudential Asset Resources.

Property insurance monitoring begins at loan setup when insurance reviews are performed and requirement documented in LoanConnect. Borrowers are contacted prior to insurance expirations reminding them of the expiration and what coverage levels are required per the loan documents. Insurance renewals are reviewed and updated in LoanConnect and compared to loan document requirements. Any deficiencies are communicated directly to the borrower and if not corrected timely could result in forced placement insurance by PAR.

The loan servicing team is also responsible for UCC administration. UCC continuations are automatically generated by the servicing system six months prior to expiration. Exception reports are run monthly to identify any missing or expired UCC dates. Additionally, the QCI team runs queries to identify delinquent tax or insurance as well as lapsed or missing UCCs.

**Primary Non-CMBS Servicing - Property Type**




Source: Prudential Asset Resources.

## Investor Reporting

The investor reporting group, which was consolidated within loan accounting in 2015, is responsible for monthly reporting and remittance distributions. Investor reporting analysts maintain reporting calendars for all assigned portfolios and are responsible for entering and reviewing data in LoanConnect prior to the reporting date. The investor reporting analyst validates the reports, and validations are review by an investor reporting manager prior to distribution. The majority of investor reports are generated from the loan system, and any manual inputs or adjustments are verified against source documents. Investor reporting managers create a monthly compliance and reporting calendar to oversee the reporting deadlines as well as to confirm all reports and remittances are timely. In addition to investor reporting managers, the BSQC team tracks investor reporting metrics monthly to identify potential issues.

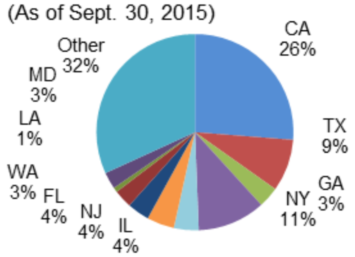
## Asset Administration

The servicing team monitors timely loan payments using exception reports from Strategy. The borrower is contacted two days after the grace period, and a delinquency letter is sent when loans are 10 days past the grace period. If a payment is not received within 30 days, collection efforts are transferred to the asset management team and the loan may be transferred to special servicing. All contact efforts are recorded in LoanConnect.

The surveillance team is responsible for collecting and analyzing borrower financial statements and rent rolls quarterly with the assistance of Silverskills. Financial statement analysis is typically completed within two to three business days from the date that all documentation is received, imaged and indexed.

**Primary Servicer Non-CMBS - Geographic Distribution**

(As of Sept. 30, 2015)




Source: Prudential Asset Resources.

Tenant and financial statement data are entered into LoanConnect, allowing for ad hoc queries and performance reporting with respect to tenant rollover and exposure. The surveillance team monitors the financial statement and rent roll data entry process very closely through a quality review process via the work flow system, where the entered information is reviewed based on an internal matrix. In addition, the system provides for various checks and balances as the information is entered. Monthly management and metrics reports ensure that all required information is received and available.

On a regular basis, the surveillance group performs a compliance test as part of its property financial review and analysis process. If the lockbox covenants are tripped, the surveillance group immediately notifies the cash management group. The cash management group then works through a checklist of events to ensure that the proper parties are notified and the proper documents executed.

PAR uses the Commercial Real Estate Finance Council (CREFC) watchlist criteria, which are automated within LoanConnect. The surveillance team formally reviews all watchlist loans monthly and updates commentary as appropriate. The surveillance team also reviews of all the flagged loans for possible escalation to special servicing.

## Customer Service

Borrower inquiries are received by mail, a customer servicer telephone number and BorrowerConnect and are routed to servicing and asset management staff in the transaction

Although PAR does not act as master servicer for any CMBS 2.0 transactions, the company maintains policies and procedures for 17-g5 communications with rating agencies. Fitch expects PAR will exit Master Servicing once legacy deals have paid off.

team for resolution. Most borrower inquiries are responded to immediately and payoff quotes are provided within 72 hours. In 2014, PAR established a relationship management team for top borrower relationships in an effort to improve customer service. The company reported an increased volume of both loan payoffs and assumptions in 2015. PAR performs a formal borrower satisfaction survey for the entire portfolio (17% collected) and credit actions such as assumptions and lease approvals (47% collected). In addition, senior management tracks feedback against benchmarked goals and follows up on low survey scores.

## Master Servicing

As of Sept 30, 2015, PAR was named co-master servicer for 22 CMBS transactions, consisting of 383 loans totaling $4.5 billion. PAR acts as co-master servicer for legacy CMBS transactions up through the 2007 vintage. The company currently does not retain master servicing for new issue CMBS transactions to which it contributes loans through Liberty Island and its current master servicing portfolio is expected to continue to run off significantly over the next one to two years.

### Master Servicing Portfolio Overview

| | 9/30/15 | % Change | 12/31/14 | % Change | 12/31/13 |
|---|---|---|---|---|---|
| **CMBS** | | | | | |
| No. of Transactions — Master Servicer | 22 | (8) | 24 | (8) | 26 |
| UPB — Master Servicing ($ Mil.) | 4,546 | (21) | 5,789 | (18) | 7,036 |
| No. of Loans — Master Servicing | 383 | (26) | 520 | (19) | 643 |
| No. of Primary Servicers Overseen | 0 | | 0 | | 0 |

## Primary Servicer Oversight

The investor reporting group reviews all trustee reports monthly to verify loan balances, delinquency reporting, advances and shortfalls to ensure information is reported correctly. Fitch views this post-reporting verification as a best practice, particularly for transactions with more than one master servicer.

Although PAR primary services all of the loans in its master servicing portfolio, PAR maintains policies and procedures for primary servicer oversight. Subservicers would be required to submit quarterly reports and annual USAP/Reg AB attestations as well as tax and insurance certifications. PAR would also conduct either a desktop audit or on-site audit of subservicers who service 20 or more loans. The purpose of the review is to confirm compliance with loan documents and servicing agreements. Subservicers who service fewer than 20 loans would be required to submit quarterly reports and provide annual USAP/Reg AB attestations and tax and insurance certifications.

PAR shadow services all primary serviced loans by setting them up on its servicing system and recording all monthly payments as well as tax and insurance status on a quarterly basis. Reporting and remittances are reviewed by the PAR investor reporting group on a monthly basis. Any property inspections performed by subservicers would be tracked and managed in LoanConnect as are all deferred maintenance issues.

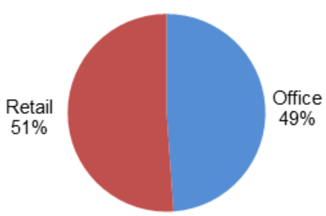
## Advancing

All principal and interest advance requests are initiated by the investor reporting group, which is responsible for the remittance of funds, subsequent tracking of interest on advances and the repayment of advances. The investor reporting group works with PAR's accounting group to ensure that advances are repaid in a timely manner. Advance recoverability determinations are made jointly by the vice presidents of servicing, asset management, and accounting based on the total amount outstanding relative to the most recent valuation of the asset, collateral type, and composition of the securitization for which the advance was made. Outstanding advances are tracked in LoanConnect and reviewed monthly to protect PAR and the individual securitizations from over-advancing. Due to PAR's declining master servicing portfolio and its role as co-master servicer, its advancing threshold is generally lower than other master servicers particularly for highly concentrated transactions. However, loans are evaluated individually, with consideration given to the size of the entire CMBS transaction.

### Investor Reporting

PAR adheres to the CREFC watchlist criteria with an automated process that is managed within LoanConnect by the surveillance team. Once watchlist criteria have been input by the surveillance group, the system runs a nightly check of all loans and identifies those that have tripped watchlist criteria. This information is reviewed by the surveillance group on a monthly basis and reported as part of the CREFC investor reporting package. PAR reviews and refreshes watchlist comments on a monthly basis, which Fitch views as a best practice for highly rated servicers.

**Named Special Servicing CMBS - Property Type**
(As of Sept. 30, 2015)




Source: Prudential Asset Resources.

## Special Servicing

### Special Servicing Portfolio

As of Sept. 30, 2015, PAR was named special servicer on only four CMBS loans totaling $169.0 million, none of which are in special servicing. As of the same date, PAR was designated special servicer for 3,071 nonsecuritized commercial mortgage loans, of which 27 loans totaling $463.7 million were in default. As of the same date, PAR resolved 12 Non-CMBS loans year to date. While PAR does not have any active REO assets, the company has historical experience foreclosing and selling CRE assets throughout the U.S. Non-CMBS special servicing and asset management duties are exclusively for PMCC-originated and retained CRE loans.

**Special Servicing Portfolio Overview**

| | 9/30/15 | % Change | 12/31/14 | % Change | 12/31/13 |
|---|---|---|---|---|---|
| **CMBS** | | | | | |
| No. of Transactions — Special Servicer | 4 | (33) | 6 | 0 | 6 |
| UPB — Named Special Servicer ($ Mil.) | 169.0 | (56) | 384.9 | (61) | 983.6 |
| No. of Loans — Named Special Servicer | 4 | (33) | 6 | 0 | 6 |
| UPB — Actively Special Servicer (Non-REO) ($ Mil.) | 0 | 0 | 0 | 0 | 0 |
| No. of Loans — Actively Special Servicer (Non-REO) | 0 | 0 | 0 | 0 | 0 |
| UPB — REO Assets ($ Mil.) | 0 | 0 | 0 | 0 | 0 |
| No. of REO Assets | 0 | 0 | 0 | 0 | 0 |
| **Non-CMBS** | | | | | |
| UPB — Named Special Servicer ($ Mil.) | 59,986.3 | 3 | 58,515.5 | 15 | 50,816.5 |
| No. of Loans — Named Special Servicer | 3,071 | (10) | 3,398 | 3 | 3,298 |
| UPB — Actively Special Servicing (Non-REO) ($ Mil.) | 463.7 | 84 | 252.7 | (16) | 299.9 |
| No. of Loans — Actively Special Servicing (Non-REO) | 27 | 0 | 27 | (7) | 29 |
| UPB — REO Assets ($ Mil.) | 0 | 0 | 0 | (100) | 29 |
| No. of REO Assets | 0 | 0 | 0 | (100) | 1 |

Because all of PAR's special servicing experience is for PMCC-originated loans and those primary serviced by PAR, it has limited experience interacting with other master and primary servicers.

### Loan Administration

PAR has a shared surveillance team under the asset management group monitoring all assets serviced by the company. The portfolio surveillance team, which is staffed by 12 analysts and associates reporting to the director of surveillance, is responsible for credit monitoring the general account, Fannie Mae and interim portfolios as well as any CMBS assets for which PAR is the

At a minimum, all specially serviced loans and assets are formally reviewed by the special servicing credit committee.

**Name Special Servicing CMBS - Geographic Distribution**
(As of Sept. 30, 2015)


Source: Prudential Asset Resources.

named special servicer. The special servicing team also has regular communication with the master servicing team regarding potential defaults.

With respect to non-CMBS loans, the special servicing team participates in monthly and quarterly watchlist reviews with various capital sources within Prudential and asset managers prepare a closely monitored list quarterly that serves as a watchlist of potential loan defaults across the portfolio. The vice president of special servicing is also a member of the PMCC risk management committee that meets quarterly to review risks by identifying problem markets, sponsors, tenants and other issues.

## Defaulted/Nonperforming Loan Management

Following the transfer of a loan to special servicing, a special servicing code is placed on the loan to notify the master servicing group of the new status. The special servicing group provides written direction to the master servicer on the application of any funds received while the loan is in special servicing.

The assigned asset manager is responsible for conducting a full loan file review including trust documentation to identify potential breaches of the loan sellers' representations and warranties. In addition, the asset manager performs a physical inspection of the collateral and obtains current rental, sales, and comparable information from a variety of third-party research providers as well as current borrower and guarantor financial statements.

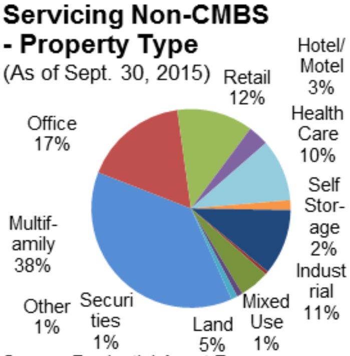
In accordance with the time frame provided in the PSA or other documents, the asset manager is also responsible for drafting an asset status report upon a servicing transfer event, typically within 60 days of transfer. Asset status reports are approved by the special servicing credit committee, based on established delegations of authority, and contain a full collateral description including improvements, narrative discussion of the loan and circumstances surrounding the default, anticipated foreclosure date (if applicable), appraised value and associated valuation methodology, and possible and recommended resolution strategies. Any changes to the resolution strategy or material deviations in resolution times or budgets must be reviewed and approved by the special servicing credit committee.

PAR's special servicing credit committee is composed of the vice president of special servicing, internal corporate legal counsel and the managing director of the portfolio to which the loan is assigned.

The special servicing group conducts a quarterly review of all specially serviced assets, including CMBS and non-CMBS, using detailed asset summaries that include a review of property and market performance as well as resolution strategy status and prognosis.

Fitch reviewed a sample of asset strategy reports provided by PAR for PMCC loans, including a loan modification, assumption, and foreclosure sale. Fitch found the asset strategy reports to be well documented and thorough. The reports documented clear descriptions of events surrounding the default, property condition, financial data for the borrower and property, and the consideration of alternate resolution strategies with a proposed strategy based on a net present value analysis.

**Named Special Servicing Non-CMBS - Property Type**
(As of Sept. 30, 2015)



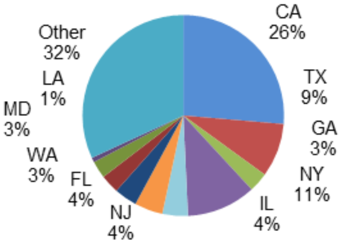

Source: Prudential Asset Resources.

## REO Management

PAR follows a dual-track methodology similar to most special servicers, under which foreclosure proceedings occur simultaneously with workout discussions to protect the interest of the trust.

When a workout with the borrower is not feasible, the asset manager is responsible for performing a pre-foreclosure inspection and appraisal update, obtaining an environmental site assessment, performing a delinquent tax search and working with legal counsel to determine all liens on the property, and which, if any, are senior to the subject lien. The asset manager

**Named Special Servicing Non-CMBS - Geographic Distribution**
(As of Sept. 30, 2015)




Source: Prudential Asset Resources.

Neither PAR nor its affiliates hold controlling class positions of CMBS transactions to retain special servicing. PAR's CMBS special servicing is limited to loans originated by PMCC and contributed to legacy CMBS transactions for which PAR also acts as primary and master servicer. Nevertheless, PAR's intention to retain servicing for relationship borrowers could create a potential for conflicts of interest.

generally solicits multiple bids from prospective property managers to ensure the proper scope of services and pricing are obtained. Property managers are required to complete annual operating budgets and provide detailed monthly operating reports to the asset manager as well as to PFI for independent review. Loans in the foreclosure process are subject to enhanced monitoring not only by PAR special servicing but also the broader PMCC organization inclusive of senior management, finance and legal.

The asset manager prepares a property strategic plan (PSP) within 60 days of title transfer to PAR. The PSP includes operational, capital expenditure and disposition plans for the asset and is approved by the special servicing credit committee. While assets may require lease up or capital improvements before being marketed, asset managers generally attempt to liquidate REO assets as quickly as possible, with each asset analyzed and managed to achieve the highest possible recovery. In developing a liquidation strategy, asset managers contact multiple brokers to obtain opinions of value, additional market color, and prospective marketing plans. Listing brokers are selected based on market and asset experience as well as fees.

## Governance and Conflicts of Interest

### Managing Potential Conflicts

Potential conflicts of interest in special servicing arise through various forms, particularly as investors retaining controlling positions in securitizations or specific loans have influence on workout strategies and the ability to select the special servicer.

PAR acts as special servicer only for loans originated by PMCC and currently does not pursue third-party special servicing appointments. Additionally, neither PAR nor any other affiliate PFI companies currently invest in subordinate CMBS B-pieces or subordinate loans for which PAR might be appointed special servicer. However, given that PAR's CMBS borrowers could likely have other debt or equity relationships with PFI or PMCC and maintaining these relationships is a material consideration in retaining servicing, potential conflicts of interest could exist.

PAR has an information barrier policy that separates physical and electronic data from business units, including PMCC's investment division and certain other U.S.-based business and corporate departments. The policy includes compliance monitoring and employee training and acknowledgment of the policy. In the event PAR was working out a loan where a PFI-related entity held an investment, the policy would be applied to mitigate potential conflicts and separate the decision-making process.

Prudential has additional company policies to address conflicts of interest and mitigate risk. Fitch reviewed the company's policies relating to personal conflicts of interest, protection and use of material nonpublic information, and vendor agreements and compliance. The policies were well documented and demonstrate Prudential organizationally takes conflicts of interest seriously.

### Affiliate Companies

Neither PAR nor PMCC nor PFI has affiliate companies that provide real estate management or broker services. Affiliate Prudential companies may provide CRE financing or equity investments for sponsors of CMBS loans.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.