

Outlook Revised To Stable On Hatfield Philips As Primary And Special Servicer In U.K. And Special Servicer In Germany

Servicer Analyst:

Thomas Lawrence, London (44) 20-7176-3503; thomas_lawrence@standardandpoors.com

OVERVIEW

- We have revised the outlook to stable from negative on Hatfield Philips International as a primary and special servicer in the U.K., and on Hatfield Philips Deutschland as a special servicer in Germany.

LONDON (Standard & Poor's) Nov. 19, 2010--Standard & Poor's Ratings Services has revised its outlook to stable from negative on Hatfield Philips International Ltd. (HPI) as a primary and special servicer in the U.K., and on Hatfield Philips Deutschland GmbH (HPD) as a special servicer in Germany.

In our latest Servicer Evaluation Report (see "Related Criteria And Research"), we commented on the following:

- There had been a delay in the internal audit discipline beyond the three-year cycle, and in our opinion this presented considerable operational risk. HPI and HPD have in our view re-established this discipline to a level that is in line with the current servicer rankings of AVERAGE.
- We also noted the rapid increase in the number of loans on the CMSA (Commercial Mortgage Securities Association) watchlist, as well as the number of loans transferred into special servicing and the potential pressures that this increase could present to HPI and HPD operationally. During a recent mid-year review, HPI and HPD showed us a number of changes that they have implemented, and we believe this will assist in dealing with the increased volumes. We note that the level of increase has also slowed down in recent months.

RELATED CRITERIA AND RESEARCH

- Servicer Evaluation: Hatfield Philips International Ltd. And Hatfield Philips Deutschland GmbH, April 29, 2010
- Structured Finance Sector Report Card: Low Lending Levels Continue To Constrain European Servicers' Portfolio Growth, Nov. 23, 2009
- Standard & Poor's Revises Criteria Methodology For Servicer Risk Assessment, May 28, 2009
- Servicer Evaluation Ranking Criteria: U.S., Sept. 21, 2004
- Select Servicer List, published monthly
- Structured Finance Sector Report Card: European Loan Servicers, published half-yearly

Related articles are available on RatingsDirect. Criteria, presales, servicer evaluations, and ratings information can also be found on Standard & Poor's Web site at www.standardandpoors.com. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow (7) 495-783-4011.

Additional Contact:

Structured Finance Europe; StructuredFinanceEurope@standardandpoors.com

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