

CWCapital Asset Management LLC STRONG Ranking Affirmed; Ranking Outlook Stable

February 7, 2024

Overview

- CWCapital Asset Management LLC is a commercial mortgage loan special servicer for approximately \$210 billion in unpaid principal balance of securitized debt.
- We affirmed our overall STRONG ranking on CWCapital Asset Management LLC as a commercial mortgage loan special servicer.
- The ranking outlook is stable.

NEW YORK (S&P Global Ratings) Feb. 7, 2024--S&P Global Ratings today affirmed its STRONG ranking on CWCapital Asset Management LLC (CWCAM) as a commercial mortgage loan special servicer. The ranking outlook is stable.

Our ranking reflects CWCAM's:

- Highly experienced and well-tenured senior management and asset management staff;
- Good leverage of a proprietary special servicing technology system both operationally and as a marketing tool to facilitate new engagements;
- Solid employee training and professional development program;
- Substantial audit, compliance, and control framework;
- Considerable operating history accompanied by the demonstrated ability to successfully resolve defaulted loans and manage real estate-owned (REO) assets of all property types and levels of complexity; and
- Diversified client base.

Since our prior review (see "Servicer Evaluation: CWCapital Asset Management LLC," published Aug. 19, 2022), the following changes and/or developments have occurred:

- For the year through Sept. 30, 2023, CWCAM won new servicing assignments and retained existing deals (including both new issue and retention of secondary market deals) totaling 20 closed Freddie Mac K-Series transactions with unpaid principal balance (UPB) of \$14.6 billion, and six commercial mortgage-backed securities (CMBS; conduit and single asset single borrower [SASB]) transactions totaling \$2.6 billion.
- The UPB of CWCAM's named special servicer portfolio of securitized transactions remained flat

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at \$211 billion.

- CWCAM's active special servicing portfolio increased by 4.7% to \$5.0 billion as of June 30, 2023, from \$4.7 billion as of Dec. 31, 2021.
- CWCAM reported a 26.3% turnover rate during 2022 and an 8.2% turnover rate in the first half of 2023, while staffing levels declined 14%.
- A managing director in charge of CMBS surveillance, with more than 30 years of industry experience, departed the company for a senior position with one of CWCAM's clients; his duties were absorbed by existing staff.
- A senior asset manager rejoined CWCAM as a senior vice president (SVP) in July of 2022 to focus on REO asset management and office properties. She has extensive commercial real estate industry experience, including during her prior tenure in special servicing at CWCAM from 2010-2017.
- Leadership of the underwriting and due diligence team was transitioned to an SVP, who joined the firm in 2022 following a 12-year tenure with Freddie Mac.
- CWCAM completed the phased migration of its portfolio of CMBS 2.0, agency, and SASB transactions from its legacy system Commercial Asset Management System (CAMS) to a highly customized version of cloud-based RealINSIGHT (RI).
- Special servicing dashboards have also been built out, allowing RI to replace CAMS as an asset manager's daily workflow manager.

The ranking outlook is stable. CWCAM has a proven ability to maintain appropriate staffing in what is invariably a cyclical business. Its experienced staff continues to successfully resolve troubled assets, and the company has continued to add third-party clients to position itself for future growth.

The financial position is SUFFICIENT.

Related Research

- Select Servicer List, Jan. 22, 2024
- Servicer Evaluation: CWCapital Asset Management LLC, Aug. 19, 2022
- Servicer Category Descriptions Expanded And Revised, Feb. 28, 2022
- Analytical Approach: Global Servicer Evaluations Rankings, Jan. 7, 2019

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