

RatingsDirect®

Spartan Services Inc. AVERAGE Commercial Finance, Special Servicing Rankings Affirmed

Servicer Analyst:

Thomas J Merck, New York (1) 212-438-2547; thomas.merck@standardandpoors.com

Secondary Contact:

Andrew Foster, Dallas (1) 212-438-2759; andrew.foster@standardandpoors.com

OVERVIEW

- We affirmed our AVERAGE commercial finance and commercial finance special servicer rankings on Spartan Services Inc. (SSI).
- The rankings reflect our assessment of SSI's experienced management and staff members and documented operational procedures.
- The commercial finance special servicer ranking reflects what we consider to be the company's successful track record of resolving troubled assets in a timely manner.

NEW YORK (Standard & Poor's) Dec. 9, 2014--Standard & Poor's Ratings Services today affirmed its AVERAGE rankings on Spartan Services Inc. as a commercial finance servicer and as a commercial finance special servicer. The outlook is positive.

Our overall servicer ranking reflects our AVERAGE subrankings for management and organization, as well as loan administration. The financial position is Sufficient.

KEY RANKING FACTORS

- Highly experienced management and staff;
- Veteran collectors;
- Internal audit and regimen; and
- Comprehensive policies and procedures.

KEY CHANGES SINCE OUR LAST REVIEW

- SSI has been named the primary servicer for a 'Schedule A' Canadian

Bank's equipment lease operations. Associated portfolio volume is currently \$23 million, and we forecast that it will exceed \$100 million by the end of 2015.

- The business continues to increase its market exposure, and now serves as an official standby servicer for several third-party portfolios with total volume of nearly \$800 million. In addition, SSI acts as a facility monitor for a roughly \$250 million portfolio of assets.
- In 2014, parent company Securcor Financial Group approved two \$50 million facilities in the U.S., for which SSI will be providing audit and compliance services.

OPINION

We are affirming our AVERAGE rankings on SSI as a commercial finance servicer and a commercial finance special servicer. The outlook for both rankings is positive.

The AVERAGE rankings reflect our assessment of SSI's experienced management and staff members and documented operational procedures. In addition, our commercial finance special servicer ranking reflects what we consider to be SSI's successful track record of resolving troubled assets in a timely manner.

SSI currently services four portfolios consisting of nearly 9,000 leases, with total volume of roughly \$49 million as of June 30, 2014. Portfolio volume increased substantially since our last review, and SSI has bolstered its role in the market by being named either the backup servicer or the portfolio administrator on a number of leasing portfolios for a variety of issuers.

OUTLOOK

Our outlook for both rankings is positive. We believe that, if SSI can sustain its improving business momentum over the next 12 to 18 months, upgrades of our commercial finance servicer and commercial finance special servicer rankings could be warranted.

RELATED CRITERIA AND RESEARCH

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

Copyright © 2014 Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription) and www.spcapitaliq.com (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.