

IMS Limited Partnership

IMS Limited Partnership (IMS) is an independently owned Canadian commercial mortgage loan servicer founded in 2009. IMS is an affiliate of IMC Limited Partnership (IMC), a commercial mortgage lender and investment fund manager. The companies are related by common ownership and management. The founding partners and senior management team of both companies have worked together in the Canadian commercial mortgage market since 1997 and are equity partners in each company.

Predominately a captive servicer, servicing assignments are dependent upon the fundraising and loan origination activities of IMC, although IMS has a small number of third-party servicing clients as well. IMC originates between \$500 million and \$600 million in commercial real estate (CRE) loans each year, and loans are held by one of IMC's six investment funds or sold to third parties, which may include securitization. IMC is an active CMBS issuer, having issued seven transactions under its own shelf since 2011; it also contributed loans to six other Canadian CMBS transactions, with REALT 2020-1 the most recent.

As of June 30, 2020, IMS was named primary servicer for 283 loans totaling \$2.3 billion in outstanding balance, of which 185 loans totaling \$1.4 billion were securitized in 13 CMBS transactions. The remaining 98 non-CMBS loans totaling \$869.9 million were held in IMC affiliate funds or by third parties.

IMS received 63 debt relief requests across its entire servicing portfolio as a result of the coronavirus pandemic and granted 38 modifications predominately deferring principal payments and maintaining interest-only payments for three months. Borrowers repaid deferred principal over 6–12 months and IMS did not experience any delinquencies or loan defaults due to the pandemic.

Unique to IMS among Canadian servicers, the company was actively involved in processing modifications both as the main borrower contact as primary servicer as well as acting on behalf of an affiliate controlling class holder (CCH) in seven CMBS transactions. IMS was able to leverage seven underwriters from IMC to handle the influx of debt relief requests, highlighting the company's flexibility to augment staffing.

Servicer Ratings

- Fitch rates primary and master servicers, which protect the interests of the certificate holders 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.

Ratings

Commercial Primary Servicer CPS2-

Applicable Criteria

[Criteria for Rating Loan Servicers \(February 2020\)](#)

[Criteria for Rating North American Commercial Mortgage Servicers \(January 2020\)](#)

Related Research

[Fitch Upgrades IMS Limited Partnership's Commercial Primary Servicer Rating \(December 2020\)](#)

[Canadian CMBS Default and Loss Study \(December 2018\)](#)

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Key Rating Drivers

Company/Management: The servicing group is integral to the overall business model of IMC, providing for strong sponsorship support. IMS acts as the primary servicer for each loan originated by IMC, irrespective of the ultimate owner of the loan, and serves as the main point of contact between the lender and borrower. IMC also relies on IMS for borrower and property-level information to help manage and report on its investment funds. In addition to shared office space and technology infrastructure, IMC provides IMS premises and facility management, finance and administration functions, HR and IT support, as well as compliance oversight.

The president and CEO of IMC and IMS has over 32 years of real estate banking and capital markets experience in Canada and the U.S. Senior managers of the originations group average 25 years of experience in the industry, while the senior manager of servicing has 37 years of industry experience and has been with IMS/IMC since inception.

Staffing and Training: While the primary servicing team of five is smaller than those of other Fitch-rated servicers, presenting key-person risk, IMS demonstrated its ability to add staff during the coronavirus pandemic, leveraging IMC resources to process debt relief requests. Fitch notes that staff size is appropriate for the number of loans serviced, and the company makes good use of technology and cross-training to create efficiencies and minimize individual responsibility for servicing functions.

Servicing employees perform all functions and are cross-trained in all areas of loan servicing, resulting in a knowledgeable and flexible team. IMS recently implemented formal weekly portfolio review team meetings to provide individual training and further cross-training opportunities. The servicing group is also supported by IMC employees who perform back office support and provide compliance oversight. IMS is the only Fitch rated servicer to not experience turnover in the past 12 months.

Technology: IMS uses Altisource's REALSynergy for primary loan servicing, which supports all primary servicing functions, including cash processing. IMS makes good use of the system for quality control reporting as well as investor reporting. In response to the coronavirus pandemic, IMS leveraged the system to track debt relief requests, deferral amounts, create amortization schedules, and cashflow models to aid master servicers in calculating interest on advances. Servicing data are maintained in a cloud-based environment and backed up at varying intervals from hourly to monthly. IMS maintains a maximum recovery time of one day for core servicing systems, which compares favorably to highly rated servicers.

Loan Administration: IMS was founded and began servicing commercial mortgages in 2009 and began servicing securitized loans in 2011. IMS services a wide range of properties across Canada as the company's total portfolio is made up predominately of retail (33% by loan count), multifamily (14%), self-storage (13%) and office (9%) properties. IMS also has experience with shorter-term, high-yield loans, given the varied focus of IMC funds. IMS has demonstrated asset management capabilities given the nature of the company's servicing role: IMS acts as a traditional primary servicer and also on behalf of the CCH for securitized loans while non-securitized loans are mainly retained in affiliate managed funds providing for the vast majority of credit decisions and borrower relationships being maintained internally.

IMS maintains a well-controlled primary servicing platform with no instances of reporting restatements or errors, minimal tax penalties and no lapsed Personal Property Security Act (PPSA), the Canadian equivalent of the Uniform Commercial Code, in the past 36 months.

Procedures and Controls: IMS's internal control infrastructure consists of policies and procedures, quality control oversight by the servicing team and a corporate compliance function. IMS does not maintain an internal audit group, which is common among companies of similar size. The company's high-level policies and procedures to address primary servicing are updated annually and provide an overview of tasks to be performed, but lack specific detail on how to perform those tasks.

Financial Condition: Fitch's Financial Institutions group performed a financial assessment of IMS and determined that the company's short-term liquidity and financial viability are adequate to support the servicing platform.

Company Experience Since:

	Since
CRE Servicing	2009
CMBS Servicing	2011

Source: IMS.

Operational Trends

Business Plan	■	Stable business plan with steady flow of new business offsetting portfolio declines
Servicing Portfolio	▼	Less than 10% year-over-year growth by loan count or run-off in the portfolio
Financial Condition	■	Outlook/Trend
Staffing	■	Staffing changed less than 12% +/-
Technology	■	Stable technology platform
Internal Controls	■	Stable control environment; no material audit findings.
Servicing Operations	■	Stable operations, no material changes year over year

Company Overview

IMS is an independently owned Canadian commercial mortgage loan servicer founded in 2009. It is affiliated with IMC, a commercial mortgage lender and investment fund manager. IMS and IMC are related by common ownership and management. The founding partners and senior management team of both IMS and IMC have worked together in the Canadian commercial mortgage and CMBS market since 1997 at Merrill Lynch and are equity partners in each company.

Servicing Portfolio Overview

	6/30/20	% Change	12/31/19	% Change	12/31/18
Total Servicing					
UPB (\$ Mil.)	2,287.7	(8)	2,498.2	(5)	2,638.0
No. of Loans	283	6	266	(7)	285

Source: IMS.

IMC has more than \$720 million in AUM across six investment funds, which have a mix of institutional and high net-worth investors and average fund lifespans that range from three to seven years. IMC has originated \$4.1 billion of commercial mortgage loans since 2011 and targets between \$500 million and \$600 million annually, which does not include the senior portions of loans that IMC typically syndicates out to third parties. Commercial mortgages are retained in IMC-managed investment funds, or sold to third-party investors or securitized in CMBS transactions.

IMC is an active CMBS issuer, having issued seven transactions under its own shelf, Institutional Mortgage Securities Canada Inc. (IMSCI), between 2011 and 2016. It also contributed loans to six CMBS transactions issued by the Royal Bank of Canada under the REAL-T shelf. For the IMSCI transactions, IMC retains the controlling pieces in the funds but does not assign IMS as special servicer, preferring to engage third-parties.

Recently, IMC has focused on shorter-term, high-yield loans. The non-CMBS segment of the servicing portfolio has grown the most in recent years, 53% by loan count since 2018; the funds contain reinvestment periods so a longer duration fund could hold more loans on a cumulative basis than its total AUM over time.

IMS is headquartered in Toronto, Ontario, from which all servicing functions are performed. In addition to shared office space and technology infrastructure, IMC provides IMS premises and facility management, finance and administration functions, HR and IT support, as well as compliance oversight.

Financial Condition

Fitch does not publicly rate IMS. However, Fitch's Financial Institutions group performed a financial assessment of the company and noted IMS's (in tandem with IMC's) success in the Canadian CMBS space, solid performance through the COVID-19 pandemic, low levels of debt and strong support from its parent.

Fitch noted that COVID-19 related delinquencies and defaults in the portfolio were minimal, and that the servicing portfolio grew in size to levels last seen in 2018. Fitch expects IMS's servicing volumes to remain level through the beginning of 2021 as IMC experiences slightly improving growth to CRE originations. Fitch also views IMS's limited operating scale, including concentrations in certain geographic segments and property types, as a potential diversification risk.

Employees

IMS's primary servicing group consists of five employees led by a senior manager with 37 years of industry experience, who has been with IMS since inception. Two employees split time with IMC as well. IMS has a demonstrated history of strong headcount management. In the past 12 months, IMS hired a new middle manager with five years of experience who assists with loan

IMS's experience with more high-touch, complex loans has grown in recent years. High-yield loans in the company's portfolio tend to be more high-touch with more frequent reporting requirements and contain larger balances compared to CMBS loans.

Office Locations



Primary Office: Toronto, ON.

While the stable primary servicing group is among one of the smallest of Fitch-rated primary servicers, IMS makes good use of technology and cross-training to create efficiencies and is supported by IMC employees who provide finance and administration functions, HR and IT support, as well as compliance oversight. IMS demonstrated its ability to add staff during the coronavirus pandemic, leveraging IMC resources to process debt relief requests.

closings and asset management addressing the departure of a middle manager last year. At Fitch’s last review, IMS added two new staff-level employees following the departure of one staff-level employee.

While key-person risk is present due to the size of the servicing group, the company’s staffing is appropriate relative to the market and size of the servicing portfolio. Servicing employees perform all functions and are cross-trained in all areas of loan servicing. IMC and IMS senior management team takes a proactive approach to staffing needs, meeting at least monthly to review the servicing portfolio. Additionally, IMC has two employees with servicing backgrounds who can be transferred to IMS if necessary. Fitch also notes that IMS is headquartered in a competitive commercial mortgage servicing market with a sufficient pool of experienced servicing personnel.

There were no employee departures in the last 12 months. IMS has historically had a stable employee base with minimal turnover; over a seven-year period from 2013 to 2019, six employees left the group. At Fitch’s last review, one middle manager and one staff-level employee departed the company, leading to 50% overall turnover, which is high due to the small size of the group.

Employee Statistics

	2020				2019			
	No. of Employees	Avg. Years Industry Experience	Avg. Years Tenure	% Turnover	No. of Employees	Avg. Years Industry Experience	Avg. Years Tenure	% Turnover ^a
Primary Servicing								
Senior Management	1	37	11	0	1	36	10	0
Middle Management	2	6	3	0	1	5	4	67
Servicing Staff	2	3	1	0	2	2	0	67
Total	5	—	—	0	4	—	—	50

^aTurnover ratios are high due to the small nature of the group.
Source: IMS.

Training

The senior vice president of loan servicing, the group chief compliance officer (CCO) and the group CEO assess, coordinate and review all training. Training is provided one-on-one, given the small staff size, as well as through hands-on compliance monitoring and feedback. IMS sets training goals and objectives to ensure servicing staff members are able to perform all servicing functions and provide backup for day-to-day functioning. An ongoing training program focused on company policies and procedures takes place at least annually and is supplemented through bi-weekly meetings with management.

New hires are trained on all aspects of servicing (including use of the REALSynergy servicing software) and are provided with system and internal process manuals (including policies and procedures). New hires are also subject to reviews of transactions performed during training, conducted by a senior servicing staff member, before they are authorized to perform transactions independently.

Servicing training is provided through a combination of one-on-one and group training provided by IMS and IMC staff, as well as group training by third-party advisors such as law firms that also assist with the identification of ongoing training requirements. Average annual training of employees includes four hours of servicing-related training, four to six hours of mortgage lending training and 10-15 hours of one-on-one coaching.

IMS stated that average annual training of employees includes four hours of servicing-related training, four to six hours of mortgage lending training and 10-15 hours of one-on-one coaching. As a result of the coronavirus pandemic, IMS implemented formal weekly team meetings to review all activity across the servicing portfolio and provide individual training and coaching.

Operational Infrastructure

Outsourcing

IMS does not outsource any core primary servicing functions and retains the requisite servicing capabilities in house to perform the limited functions outsourced. The company uses IMC to

perform annual property site inspections and, on a limited basis, outsources site inspections to other third parties.

Vendor Management

IMS does not maintain a dedicated vendor management group. Managers are responsible for monitoring the various vendors used by IMS, providing feedback to IMC and IMS's senior management team.

Information Technology

IMS's primary loan servicing system is REALSynergy version 20.1.0.119, by Altisource, having upgraded in July 2020. REALSynergy has bi-annual updates to the system and the company maintains the servicing system on a Microsoft SQL 2017 server.

REALSynergy supports all loan administration functions such as cash processing, bank account reconciliations, disbursements, lockbox payment processing and automatic debits. The system also handles investor remittance reporting, escrow administration analyses, scheduled tax and insurance payments, and property inspections tracking. Fitch noted the system has similar functionality compared to more widely used primary servicing systems, as REALSynergy is capable of spreading financial statements in the CREFC Operating Statement Analysis Report (OSAR) format and performing Net Operating Income Adjustment Worksheet (NOIWS) calculations. IMS also spreads financial information in an Excel underwriting template as a secondary check against the system.

The REALSynergy servicing system has preconfigured standard industry reports such as the CREFC IRP, which can be exported to Excel. REALSynergy also has a built-in, ad hoc reporting tool, which allows the servicing group to create custom reports for detailed portfolio data not captured in any of the canned reports. These reports can be scheduled and are available to all users of the system. IMS makes good use of REALSynergy for quality control via management reporting and creating tasks in the system. For example, the collection of financial statements and reporting timelines are tracked via reports from the system, monthly maturity reports are used to identify maturing loans and initiate borrower contact, PPSA expiration dates are monitored via quarterly reports, insurance policy expirations are monitored via a monthly report, and deferred maintenance issues and any follow-up actions are tracked in REALSynergy.

The company engages third parties for IT oversight and day-to-day IT support (including IT support for REALSynergy). A third party also provides system security maintenance and network monitoring to assess vulnerabilities.

Disaster Recovery/Business Continuity Plan

IMS maintains a business continuity plan that enables IMS staff to work remotely as well as at a hot site location near the main office that can accommodate all servicing staff. The data center at IMS's office maintains an unlimited power supply independent of the building's power and a new server can be operational at the designated hot site within 24 hours if a disruption occurs.

Servicing data are maintained onsite at the IMS office and backed up hourly to the cloud (resulting in a maximum possible data loss of one hour); monthly backups are taken to a hot site nearby. IMS maintains a maximum recovery time of one day for core servicing systems, which compares favorably to highly rated servicers. The company's disaster recovery plan was most recently tested in September 2020 with successful results.

Internal Control Environment

IMS's internal control environment is predicated on policies and procedures and manager oversight. Consistent with other Fitch-rated primary servicers with similar portfolio and staff sizes, the company does not maintain dedicated quality control and internal audit groups. The combined IMC and IMS companies maintain a compliance function whose responsibilities include the establishment, operation and regular review of group (including servicing) policies and procedures to ensure group compliance with regulatory requirements. The compliance function includes the CEO, CCO and controller of IMC, as well as the IMS senior manager of servicing.

Recent updates to REALSynergy focused on issues related to the coronavirus pandemic. The system was updated to allow the application of reserves to pay debt service coverage, track deferral amounts, and create amortization and cashflow models for modified loans. Models are generated to show future payments necessary to get back on an amortization schedule and to calculate interest on advances for master servicers.

IMS successfully implemented its business continuity plan in March 2020 as a result of the coronavirus pandemic. The vast majority of employees transitioned to remote working with no disruptions reflecting the company's detailed and tested plan.

Policies and Procedures

IMS's policies and procedures manuals are reviewed at least annually. The senior manager of loan servicing and the CCO identify and propose updates to senior management, obtaining as-needed expert advice from external counsel. The CEO provides final approval. Servicing policies were most recently reviewed and approved in August 2020, resulting in no material changes.

Fitch reviewed the policies and procedures and found them to be thorough in scope and generally detailed with some topics lighter than others. The manuals provide a comprehensive overview for servicing procedures; detailed step-by-step instructions and illustrations of related systems and drives supplement the policies and procedures. IMS maintains sections dedicated to CMBS-specific topics as well as special servicing functions.

IMS provides employees with formal policies and procedures training annually during the first quarter and requires they confirm review and compliance with them, including the company's conflict of interest policy. Additional updates and training are provided at bi-monthly team meetings. All employees have access to the published policies and procedures on the company's shared network drive.

Compliance and Controls

Compliance with servicing agreements begins with the review of documents at the time of securitization for CMBS loans or at closing for third-party and affiliate loans, and the entry of all requirements into REALSynergy by the servicing manager as tasks and/or calendar entries. In addition to using the servicing system for quality control, the company also uses Excel spreadsheets for secondary quality control reviews of timelines for key servicing tasks and calculations performed in REALSynergy. IMS does not maintain a dedicated quality control function; quality control is performed through daily multiple levels of review of each servicing function, in addition to the servicing group's multiple reconciliations of actions performed, somewhat mitigating the lack of a dedicated function.

Compliance with regulatory requirements is managed jointly by a single compliance team overseeing the IMC and IMS group of companies. The senior manager of loan servicing ensures compliance with and reporting to relevant regulators, and IMC's controller directs IMS's finance activities, including financial reporting to regulators. Both positions report to IMC's CCO regarding compliance matters. The compliance team includes the CEO, CCO and servicing manager, and the controller meets monthly to review adherence, as well as any changes, to regulatory requirements.

Internal Audit

IMS does not maintain an internal audit group, a common finding among companies of similar size. The company relies on management oversight of adherence to policies and procedures and servicing agreements.

External Audit

IMS is reviewed by PricewaterhouseCoopers LLP for a limited Uniform Single Attestation Program (USAP)-specified procedures review; while the review uses the USAP minimum servicing standards as a guideline, it is not an audit and makes no determination that the company is in compliance with the minimum servicing standards. Fitch reviewed the most recent letter dated March 27, 2020 and did not identify any material issues. IMS was not required to undergo a Reg AB audit. IMS is also subject to desktop reviews from CMBS master servicers.

Additionally, IMS is subject to various audits from regulators, such as from the:

- Financial Services Regulatory Authority of Ontario (FSRA);
- Real Estate Council of Manitoba;
- Manitoba Securities Commission; and
- BC Financial Services Authority (BCFSA).

Full-scope audits of IMS are performed annually by PWC for the shareholders and FSRA. IMS reported that all audits have resulted in positive and unqualified opinions. Unlike other

Fitch finds the lack of an internal audit department common among smaller firms. IMS tests compliance with policies and procedures and servicing agreements through management oversight and various external audits from regulators. However, Fitch notes that, unlike other Fitch-rated Canadian primary servicers, IMS does not currently receive SOC1 or CSAE 3416 audits, which independently test the company's operational controls.

Fitch-rated Canadian primary servicers, IMS does not receive Service Organization Control 1 (SOC 1) audits or the Canadian Standard on Assurance Engagements audit called Reporting on Controls at a Service Organization (CSAE 3416). Fitch notes that these audits are extensive in their coverage of operational controls.

Primary Servicing

As of June 30, 2020, IMS was named primary servicer for 283 loans representing \$2.3 billion in outstanding balance. Of the loans serviced, 185 totaling \$1.4 billion are securitized in 13 CMBS transactions. The remaining 98 loans totaling \$869.9 million are held in IMC affiliate funds or by third parties. IMS services a wide range of properties across Canada as the company's total portfolio is made up predominately of retail (33% by loan count), multifamily (14%), self-storage (13%) and office (9%) properties. Additionally, IMS has experience with shorter-term, high-yield loans given the focus of IMC funds.

Primary Servicing Portfolio Overview

	6/30/20	% Change	12/31/19	% Change	12/31/18
CMBS					
No. of Transactions – Primary Servicer	13	8	12	9	11
UPB – Primary Servicing (\$ Mil.)	1,417.8	(1)	1,428.0	(14)	1,666.6
No. of Loans – Primary Servicing	185	(3)	190	(14)	221
Non-CMBS					
UPB (\$ Mil.)	869.9	(19)	1,070.2	10	971.4
No. of Loans	98	29	76	19	64

Source: IMS.

New Loan Setup

Loan setup is a manual process and generally takes up to four days, depending on the complexity of the loan and receipt of all documents. Information such as interest rates, payment terms, and borrower and investor details are manually put into the servicing system and may take up to two days to enter. An internal loan boarding checklist is followed to ensure all significant information is input in REALSynergy. While the system has the ability to perform bulk uploads, IMS has not made use of this feature given the nature of its portfolio and lack of need. REALSynergy generates a summary report of the data entered during loan setup, which is reviewed by the servicing manager to verify accuracy against information contained in the loan documents; the quality control review may take up to two days after loan boarding but occurs prior to any payment collections.

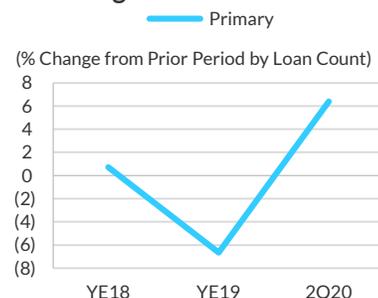
Loan document covenants and triggers are identified and tracked via REALSynergy's task manager and date trigger functions. Date-sensitive items such as interest rate adjustments are set up with triggers and any document covenants that require follow-ups are set as tasks. Tasks are assigned to a user in the system, and a task manager window in the system displays any upcoming tasks for the user. Reports for both functions are generated on a monthly and weekly basis by the servicing manager.

Accounting and Cash Management

IMS monitors monthly payments via REALSynergy as well as outside the servicing system using Excel summaries of all payments and remittances due for each portfolio and investor to identify any inconsistencies with the servicing system. IMS posts manual loan payments prior to the automated ACH deposit, and a reconciled shadow remittance report is created to ensure accuracy. Once the reports have been reconciled, investor remittances are posted one business day prior to the remittance date in REALSynergy to generate an investor EFT file and post-dated wires. Two senior managers are required to approve the payments.

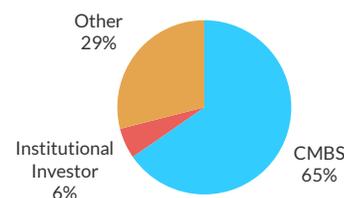
Monthly, IMS reconciles accounts within 15 calendar days of the close of each accounting or reporting period. Each account reconciliation details exceptions and explanations and is generally resolved within 90 days. IMS does not currently have a procedure in place to monitor

Servicing Portfolio



Source: IMS.

Primary Servicing Product Type (As of June 30, 2020)



Source: IMS.

Similar to rated peers in Canada, new loan setup is a manual process. IMS maintains control through the use of a checklist and a system-generated summary report reviewed by the servicing manager. The company lacks some of the exception reporting to help validate new loan data found at highly rated primary servicers; however, IMS performs a dual review of loan data.

IMS currently does not service any loans that have cash management agreements such as springing lockboxes, a common theme among Canadian primary servicers. The percentage of loans set up on a pre-authorized debit is higher than that of typical Fitch-rated servicers in the U.S.

% Payment Collections Via

ACH	100
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Source: IMS.

bank credit ratings as the company only engages TD Bank, N.A. (rated 'AA-/F1+' by Fitch) to hold trust funds.

IMS is currently monitoring one letter of credit. For letters of credit, applicable details are entered into REALSynergy and a task is entered for 30 days prior to the maturity date. A copy of the letter of credit is placed in the file while the original is forwarded to the custodian for retention, if applicable. Servicing will follow up with the borrower or issuing bank to obtain a renewal, if necessary, or to verify an extension of the expiration date for letters of credit with an automatic renewal provision.

Investor Reporting

Remittances are completed through a multiple-person authorization prior to disbursement. REALSynergy is used to generate investor remittance reports while accuracy is checked through offline Excel reconciliations. Monthly remittance reports are provided to master servicers and investors one business day before funds are remitted.

Escrow Administration

For new loans, tax information and remittance schedules are set up in REALSynergy and detailed reports for escrowed loans are run on a monthly basis, identifying tax payment due dates for the following month. The reports are sorted by due date and identify loans requiring remittances and amounts payable. The servicing team reviews REALSynergy to ensure payments are correctly scheduled and checks the escrow balance for each loan to ensure sufficient funds are available to make the payment to the taxing authority. Escrow analyses for loans where IMS is responsible for paying taxes on are completed annually once the final tax bill is received and reviewed by the servicing manager.

For non-escrowed loans, IMS attempts to obtain copies of tax bills and evidence that taxes have been paid. REALSynergy is used to identify upcoming tax payment due dates as well as loans whose tax payments were due the previous month and whether proof of payment was received. If the proof of payment is outstanding, a letter will be forwarded to the borrower requesting that proof of payment be forwarded. IMS will also request information from the municipality if proof of payment has not been received within the timeline established in the loan documents.

IMS does not have any loans escrowed for insurance. At closing, insurance coverage is reviewed by a third-party consultant to determine the adequacy in coverage. Renewal of insurance coverage is monitored via a monthly insurance expiration report maintained in REALSynergy identifying upcoming expiration dates and any insurance that has expired. Any inconsistencies or issues will be raised to the borrower and a revised certificate will be requested.

The servicing group sets up reserve accounts in the system and verifies account balances and enters requirements for disbursement for each reserve account in the task manager feature in REALSynergy. IMS runs monthly system-generated reports to track deadlines regarding compliance with capital improvement plans and required replacement items.

All requests for a release of funds from the reserve account are reviewed by servicing including required documentation from the borrower to ensure the conditions for disbursement have been met. If necessary, a site inspection may be arranged. Authorization for the disbursement of funds from the reserve account is requested from the servicing manager and the disbursement is processed on the servicing system with sign off from the servicing manager and another senior manager.

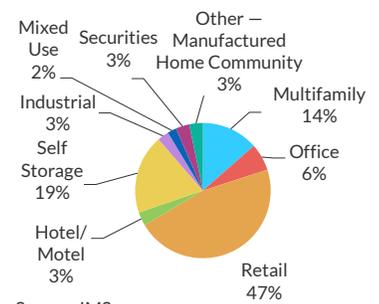
IMS maintains relevant PPSA details on REALSynergy and monitors the expiration dates. IMS recently began running monthly reports in addition to quarterly reports to identify any PPSA expiring within the next 30 days. For expiring PPSAs, servicing arranges the renewal, sometimes through the legal counsel who prepared the original loan documents.

Asset Administration

Monthly, IMS generates a delinquency report from REALSynergy to identify outstanding payments. If a payment via automatic debit is not received due to insufficient funds, IMS immediately contacts the borrower to understand the borrower's intention. Servicing will monitor the loan until it's remedied and/or ensure that the appropriate action is taken according to the applicable PSA or servicing agreement.

IMS has not had any instances of reporting restatements or errors in the past 36 months.

CMBS Primary and Master Servicing by Product Type
(As of June 30, 2020)



Source: IMS.

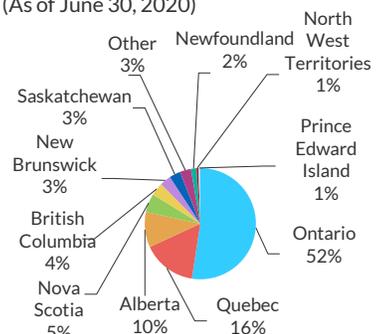
% Portfolio Escrowed for

Taxes	20
Insurance	0

Source: IMS.

No loans are escrowed for insurance, a common theme in the Canadian commercial mortgage market. In the past 12 months, IMS had tax penalties on one loan for a de-minimis amount relative to the balance of outstanding loans. Additionally, there were no lapsed PPSAs in the past 36 months.

CMBS Primary and Master Servicing by Provinces
(As of June 30, 2020)



Source: IMS.

At the beginning of each calendar year, servicing generates a report from REALSynergy identifying the financial reporting timelines for all loans. IMS prepares and sends out year-end information request letters to borrowers and monitors via REALSynergy information request and due dates and the receipt of financial information. It also analyzes due dates and completion dates. A secondary tracking log is created outside the system as well.

Once the requested financial information is received, servicing analyzes it in an OSAR underwriting Excel template, and it is reviewed by the servicing manager or an underwriting manager for accuracy. Financial statements are analyzed to determine whether the property is performing within established guidelines; inconsistencies are questioned and clarifications sought, and properties with variances are reviewed in conjunction with the annual inspection. The data are then input in the system and reporting is generated. The goal for turnaround time from receipt of financials to OSAR is 30 days. IMS also analyzes rent rolls outside the system in Excel and imports the top three tenants in REALSynergy.

Watchlists are created manually for all CMBS portfolios using the CREFC format and guidelines. The servicing manager reviews and updates watchlists monthly, requesting occupancy, leasing and financial updates from borrowers when necessary. If a loan is identified as meeting the watchlist guidelines, it will be added and flagged in the servicing system.

A monthly maturity report is generated through REALSynergy to identify maturing loans. Conversations with borrowers begin approximately six months before maturity and formal letters are sent to borrowers three months prior to maturity. Servicing contacts the borrower monthly or until the refinancing arrangements have been communicated. One month prior to the maturity date, servicing will contact the borrower to determine the status of the refinancing and the estimated closing date, at which time a mortgage discharge statement is provided.

The frequency of site inspections depends on the loan documents and governing servicing agreements, but property inspections for CMBS loans are typically required annually. Property inspections for third-party investor loans may have different requirements or no requirements at all. Inspection frequency is set in REALSynergy at loan boarding, and, each calendar year, servicing generates a report for inspections due in the coming year that are monitored as tasks in the system.

The head of credit and risk at IMC reviews all completed CMBS site inspection reports while the fund management side of IMC reviews third-party loan inspections. Any issues identified are assessed for potential inclusion on the watchlist, in which case, the borrower and/or property manager will be contacted to determine a plan of action. If the situation warrants, the master servicer and/or the special servicer will be contacted and another inspection may be scheduled.

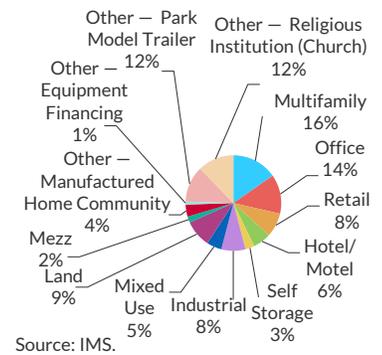
For borrower consents, loan documents are reviewed based on the required level of consent for the request type. The borrower will be contacted for any required financial, leasing or agreement information, and a case memo will be drafted with a recommendation reviewed internally and then submitted to the master servicer or investor for non-CMBS loans for approval. The target for completing consent requests is within 30 days of receipt.

Customer Service

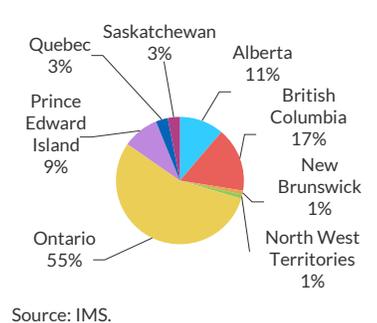
Monthly billing statements are generally not prepared, although monthly billing statements for adjustable-rate mortgage loans will be prepared upon borrower request. The billing is generated through REALSynergy, which itemizes the applicable interest rate for the payment, the amounts due, the due date and any remittance instructions. In addition, borrowers are provided notice when there is any material change to the loan rate and advance notices prior to rate changes.

When a payoff request is received for prepayment prior to maturity, servicing will review the prepayment details in the system and the loan documents for repayment rights under the loan. Prepayment rights will be communicated to the borrower and, if required, a mortgage discharge statement will be drafted and reviewed by the senior manager of loan servicing. IMS stated that the turnaround time is generally within two business days. The turnaround time for document release and re-conveyances is within five business days after payout, and any account corrections are processed within two business days.

Non-CMBS Primary and Master Servicing by Product Type
(As of June 30, 2020)



Non-CMBS Primary and Master Servicing by Provinces
(As of June 30, 2020)



Unique among Canadian commercial mortgage servicers, nearly all site inspections (99%) are completed in house by IMC employees with less than 1% outsourced to third-party contractors.

IMS does not currently use REALSynergy's Web Loan View tool, which provides investors and borrowers access to their commercial loan information in the system over a secure website.

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