

Japan's Capital Servicing STRONG Ranking As Commercial Mortgage Loan Special Servicer Affirmed; Ranking Outlook Stable

May 24, 2023

Overview

- The company has a proven record in the special servicing of commercial mortgage loans.
- Its collection staff have ample servicing experience.
- The company is focused on expanding its special servicing business while also raising efficiency.
- We are affirming our STRONG servicer ranking on Capital Servicing as a commercial mortgage loan special servicer. The ranking outlook is stable.

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TOKYO (S&P Global Ratings) May 24, 2023--S&P Global Ratings today said it has affirmed its STRONG servicer ranking on Capital Servicing Co. Ltd. (CSC), which it categorizes as a commercial mortgage loan special servicer. The ranking outlook is stable. CSC remains on S&P Global Ratings' Select Servicer List in the above category (see below for an explanation of this list).

We affirmed our ranking on CSC largely because:

- The company has a proven record in the special servicing of commercial mortgage loans,
- Its collection staff have ample servicing experience, and
- The company is focused on expanding its special servicing business while also raising efficiency.

We also maintained our assessment of CSC's financial position as sufficient.

CSC was established in September 1998 to conduct servicing operations as allowed under Japan's Act on Special Measures Concerning Claim Management and Collection Businesses (the Servicer Law), which came into effect in February 1999. The Ministry of Justice licensed CSC as Japan's 23rd servicer in September 1999, and the company began operations in December 1999.

Our STRONG ranking on CSC as a commercial mortgage loan special servicer reflects our analysis and assessment of various factors, including:

- The servicing experience of its collection staff;
- Its internal policies and procedures, and their accessibility to employees;

- The implementation and results of its internal audits;
- Its implementation of internal controls;
- The quality and capacity of the computer systems that support its day-to-day business operations;
- Its data backup systems, disaster contingency plans, and execution of system resumption tests;
- Its record in the special servicing of commercial mortgage loans;
- Its method for preparing collection plans;
- Its loan boarding and verification processes;
- Its cash management methods;
- The workload per servicing employee; and
- Its ability to report to investors and relevant parties.

S&P Global Ratings bases its servicer evaluations on an objective and comprehensive assessment of a servicer's operational capabilities for servicing various types of receivables and obligatory rights. Based on the assessment, we assign rankings in the following five categories: STRONG, ABOVE AVERAGE, AVERAGE, BELOW AVERAGE, and WEAK.

To be included in, or to remain on, S&P Global Ratings' Select Servicer List, servicers must, in principle, meet the criteria for attaining at least an AVERAGE ranking with a stable ranking outlook and a sufficient financial position.

Related Research

- Environmental, Social, And Governance Factors Have Consistently Powered Our Servicer Evaluation Rankings, Nov. 16, 2020
- Analytical Approach: Global Servicer Evaluations Rankings, Jan. 7, 2019

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