

## Fitch Upgrades One Class of GECMC 2003-C2

Written by Australian Business

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NEW YORK--( [BUSINESS WIRE](#) )--Fitch Ratings has upgraded one and affirmed nine classes of GE Commercial Mortgage Corporation (GECMC) commercial mortgage pass-through certificates, series 2003-C2. A detailed list of rating actions follows at the end of this press release.

### KEY RATING DRIVERS

The upgrade of class J and affirmation of class K is largely the result of increased credit enhancement from principle paydown in association with loan payoffs at maturity. Additionally, there were better-than-expected recoveries on the Boulevard Mall (previously the largest loan) disposition. The remaining distressed classes have experienced realized losses. Fitch modeled losses of 16.4% of the remaining pool; expected losses on the original pool balance total 3.8%, including \$42.8 million (3.6% of the original pool balance) in realized losses to date. Three of the remaining five loans are specially serviced (64.9% of the pool).

As of the February 2014 distribution date, the pool's aggregate principal balance has been reduced by 98.9% to \$13.5 million from \$1.21 billion at issuance. Per the servicer reporting, one loan (19.2% of the pool) is defeased. Interest shortfalls are currently affecting classes K through P.

The largest contributor to expected losses is a specially-serviced loan (27.3% of the pool) secured by a 28,485 square foot (sf) medical office building in Gilbert, AZ (greater Phoenix). The loan was transferred to special servicing in March 2012 for a non-monetary default. Specifically, the loan has a springing lockbox that the borrower was unwilling to allow the master servicer to effect. Occupancy was 60% as of February 2014, which represents a decline from 67% as of YE 2012. A receivership sale has been approved by the court and the borrower has stipulated to the receivership sale.

The second largest contributor to expected losses is a specially-serviced loan (12.1% of the pool) secured by a three-building office complex with 37,856 sf and located in Colorado Springs, CO. The loan transferred to special servicing in March 2013 due to payment default. Occupancy was 57.8% per the September 2013 rent roll. Currently there is a fully executed receivership contract which the servicer is working to finalize by the

end of April 2014.

### RATING SENSITIVITY

The upgrade of class J is supported by an increase in credit enhancement, higher than anticipated recoveries on the Boulevard Mall disposition, and the defeased loan concentration (19.2% of the pool). Further upgrades are limited by pool concentration (only five loans remain) and the percentage of the remaining pool in special servicing (64.9% of the pool). Class K is expected to be subject to downgrades should realized losses on the specially serviced loans be greater than Fitch's expectations.

Fitch upgrades the following class as indicated:

--\$4.6 million class J to 'Bsf' from 'CCCsf'; assigns Stable Outlook.

Fitch affirms the following classes as indicated:

--\$7.4 million class K at 'CCCsf', RE 90%;

--\$1.6 million class L at 'Dsf', RE 0%;

--\$0 class M at 'Dsf', RE 0%;

--\$0 class N at 'Dsf', RE 0%;

--\$0 class O at 'Dsf', RE 0%;

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--\$0 class BLVD-2 at 'Dsf', RE 0%;

--\$0 class BLVD-3 at 'Dsf', RE 0%;

--\$0 class BLVD-4 at 'Dsf', RE 0%;

--\$0 class BLVD-5 at 'Dsf', RE 0%.

The class A-1, A-2, A-3, A-4, A-1A, B, C, D, E, F, G, H and BLVD-1 certificates have paid in full. Fitch does not rate the class P certificates. Fitch previously withdrew the ratings on the interest-only class X-1 and X-2 certificates.

Additional information on Fitch's criteria for analyzing U.S. CMBS transactions is available in the Dec. 11, 2013 report, 'U.S. Fixed-Rate Multiborrower CMBS Surveillance and Re-REMIC Criteria', which is available at '[www.fitchratings.com](http://www.fitchratings.com)' under the following headers:

Structured Finance >> CMBS >> Criteria Reports

Additional information is available at '[www.fitchratings.com](http://www.fitchratings.com)'.

Applicable Criteria and Related Research:

--'Global Structured Finance Rating Criteria' (May 24, 2013);

--'U.S. Fixed-Rate Multiborrower CMBS Surveillance and Re-REMIC Criteria' (Dec. 11, 2013).

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U.S. Fixed-Rate Multiborrower CMBS Surveillance and Re-REMIC Criteria

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=724961](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=724961)

Global Structured Finance Rating Criteria

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=708661](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=708661)

Additional Disclosure

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