

CHICAGO--( [BUSINESS WIRE](#) )--Fitch Ratings has upgraded three classes and affirmed nine classes of Sovereign Commercial Mortgage Securities Trust commercial mortgage pass-through certificates, series 2007-C1.

## KEY RATING DRIVERS

Fitch modeled losses of 24% of the remaining pool; expected losses on the original pool balance total 4.2%, including \$23.3 million (2.3% of the pool) in realized losses to date. Fitch has designated 28 loans (79%) as Fitch Loans of Concern, which includes seven specially serviced assets (34.8%). While modeled losses are slightly higher, the upgrades reflect increased credit enhancement to the senior classes as a result of paydown of \$123 million (39%) since Fitch's last review.

## RATING SENSITIVITIES

The loans in this transaction do not have the same features as typical commercial mortgage conduit loans originated for securitization. Additionally, the loans lack some of the typical structural features and reporting requirements seen in CMBS transactions. Therefore, Fitch applied additional stresses, including adjustments of operating income and cap rates. Fitch modeled losses are based on actual performance or expected changes in performance. The ratings reflect the potential for adverse selection and higher than modeled losses on distressed and highly leveraged assets, as this could rapidly deteriorate the credit enhancement of the subordinate classes. No further upgrades are expected on the remaining classes given the increasing pool concentration and the potential for adverse selection.

As of the March 2014 distribution date, the pool's aggregate principal balance has been reduced by 92.2% to \$78.7 million from \$1.01 billion at issuance. No loans are defeased. Interest shortfalls are currently affecting classes F through N.

The largest specially serviced asset (15.2% of the pool) is secured by a 106,981 square foot (sf) office property located in Dublin, OH. The loan transferred to special

## Fitch Upgrades 3 Classes of Sovereign Commercial Mortgage Securities Trust 2007-C1

Written by Australian Business

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servicing in January 2014 for maturity default. The borrower is attempting to refinance the loan which matured in December 2013.

Fitch upgrades the following classes and revises Rating Outlooks as indicated:

--\$4.9 million class A-J to 'Asf' from 'BBB-sf'; Outlook Stable;

--\$15.2 million class B to 'BBBsf' from 'BBsf'; Outlook Stable;

--\$17.7 million class C to 'BBsf' from 'Bsf'; to Outlook Stable from Outlook Negative.

Fitch affirms the following classes and updates Recovery Estimates as indicated:

--\$20.3 million class D at 'CCCsf', RE 100%;

--\$10.1 million class E at 'CCsf'; RE 25%;

--\$7.6 million class F at 'Csf'; RE 0%;

--\$2.5 million class G at 'Csf'; RE 0%;

--\$1.2 million class H at 'Dsf'; RE 0%.

The fully depleted classes J, K, L and M remain at 'Dsf', RE 0% due to realized losses.

The class A-1, A-2, and A1-A certificates have paid in full. Fitch does not rate the class N certificates. Fitch previously withdrew the rating on the interest-only class X 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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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)

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)

Additional Disclosure

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