

Fitch Downgrades One Distressed Class of GECCMC 2005-C3; Affirms Remaining Classes

Written by Australian Business

CHICAGO--([BUSINESS WIRE](#))--Fitch Ratings downgrades one distressed class and affirms all remaining classes of GE Commercial Mortgage Corporation, series 2005-C3 commercial mortgage pass-through certificates. A detailed list of rating actions follows at the end of this release.

KEY RATING DRIVERS

The downgrade is a result of additional certainty of losses given the realized losses experienced to date and the future expected losses.

The affirmations are the result of stable overall pool performance since Fitch's last rating action. Fitch expected losses are 3.7% of the current pool balance or 4.7% of the original pool, including losses incurred to date (3% or \$64.1 million). Currently, there are two loans in special servicing (1%). Nine loans (9.2%) are defeased and include two top 15 loans (4.9%).

As of the June 2014 distribution date, the pool's aggregate principal balance has paid down 48.4% to \$1.9 billion from \$2.1 billion at issuance, including the \$64.1 million in realized losses. The realized losses include the disposition of the former second largest loan in the pool, One Main Place, since Fitch's previous rating action. Losses on this asset totaled \$44 million, which equated to a 63.8% loss severity, and was expected at Fitch's previous rating action. Cumulative interest shortfalls total \$1.2 million and affect classes K and the non-rated class Q. All of the remaining loans mature in 2015 and approximately 70% of the pool matures in June and July, 2015.

The largest contributors to modeled losses are 123 William Street (7.4%), Greens at Irene (2.3%) and Tinley Crossings (0.5%).

123 William Street is the second largest loan in the pool and secured by a 500,000 sf office property located in Manhattan on William Street between Fulton and John. The loan had previously been in special servicing after the Superintendent of Insurance vacated eight floors. The loan was split into an A/B Note structure; the A Note has a current

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balance of \$75.2 million and B Note of \$5.3 million. The loan returned to the master servicer in June 2012. The loan was subsequently assumed in October 2013 and the new borrower, a joint between GreenOak, American Realty Capital and East End Capital, deposited funds to a TI/LC reserve as part of the assumption. Per Fitch's recent visit to the property, the lobby and building facade are currently undergoing renovations.

As of the December 2013 rent roll, the property was 52.1% occupied. The master servicer has not reported the YE 2013 financial information. Fitch's valuation is based on appraisals and broker opinions of value from when the loan was in special servicing, as well as updated market information, which considered the property's strong location and new sponsorship. The loan matures in June 2015.

Greens at Irene is secured by a 504 unit multifamily property located in Memphis, TN. The loan is on the master servicer's watchlist due to declines in performance. As of YE 2013, the DSCR fell to 0.85x from 1.24x as of YE 2012. During 2013, occupancy declined to 91% from 98% as of YE 2012. However, occupancy has increased back to 98% as of YE 2013 and performance may improve. Fitch's valuation is based on the YE 2013 reported net operating income and a Fitch stressed cap rate. The loan continues to perform and matures in August 2015.

Tinley Crossings is secured by a 50,000 square foot office property located in Tinley Park, IL, a suburb of Chicago. The loan transferred to the special servicer in March 2014 after the largest tenant (66% of the NRA) requested a rental rate reduction and tenant improvements (TIs) in order to renew their lease which expired in December 2013. The borrower stated they were unable to fund the requested TIs. The tenant is holding over in their space until December 2014. The borrower is currently working to refinance the loan and has requested a discounted payoff. The loan remains current and it matures in July 2015.

RATING SENSITIVITIES

The Outlook of class A-J has been revised to Positive from Stable as upgrades are likely with additional paydown and increased credit enhancement if overall performance remains relatively stable. Classes G and H continue to have Negative Outlooks as downgrades are possible if additional loans transfer to special servicing or expected losses increase. The remaining classes have Stable Outlooks as no rating actions are

anticipated.

The following class is downgraded:

--\$31.7 million class J to 'CCsf' from 'CCCsf'; RE 30%.

Fitch affirms the ratings, revises Outlooks and Recovery Estimates for the following classes as indicated:

--\$18.7 million class A-6 at 'AAAsf'; Outlook Stable;

--\$15 million class A-AB at 'AAAsf'; Outlook Stable;

--\$386.7 million class A-7A at 'AAAsf'; Outlook Stable;

--\$55.2 million class A-7B at 'AAAsf/'; Outlook Stable;

--\$257.1 million class A-1A at 'AAAf'; Outlook Stable;

--\$161.4 million class A-J at 'AAsf'; Outlook revised to Positive from Stable;

--\$13.2 million class B at 'AAsf'; Outlook Stable;

--\$29.1 million class C at 'Asf'; Outlook Stable;

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--\$21.2 million class D at 'BBBsf'; Outlook Stable;

--\$34.4 million class E at 'BBB-sf'; Outlook Stable;

--\$18.5 million class F at 'BBsf'; Outlook Stable;

--\$23.8 million class G at 'BBsf'; Outlook Negative.

--\$21.2 million class H at 'B-sf'; Outlook Negative;

--\$4.7 million class K at 'Dsf'; RE 0%.

Classes A-1, A-2, A-3FX, A-3FL, A-4, and A-5 have paid in full. Classes L through O, currently rated and affirmed at 'Dsf'/RE0%, have been reduced to zero due to realized losses. Classes P and Q, also reduced to zero due to realized losses, are not rated by Fitch. Fitch previously withdrew the ratings on the interest only classes X-C and X-P.

Additional information is available at '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=748821

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

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=724961

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