

## Kroll Bond Rating Agency Affirms Ratings on Diamond Resorts Owner Trust 2014-1

NEW YORK, NY (May 17, 2017) - Kroll Bond Rating Agency (KBRA) affirms the Class A and B notes of the Diamond Resorts Owner Trust 2014-1 (DROT 2014-1) at 'AA- (sf)' and 'A (sf)', respectively. DROT 2014-1 is a timeshare loan ABS transaction, which closed on November 20, 2014.

As of the April 2017 distribution, DROT 2014-1 is comprised of \$86.1 million of timeshare loans, a pool factor of 31.81%. Current credit enhancement level for Class A and B is 17.64% and 9.00%, respectively. Credit enhancement consists of overcollateralization, subordination to the Class A note provided by the Class B note, cash reserves, and excess spread.

The collateral pool of DROT 2014-1 has experienced elevated levels of defaults, which similar to certain other vacation ownership companies in the industry, Diamond Resorts attributes to an increase in the number of borrowers who have been solicited by lawyers to get out of their timeshare and/or have sent Diamond Resorts cease and desist letters. Diamond experienced a spike in borrowers being solicited towards the end of 2015 and beginning of 2016. DROT 2014-1 to date has utilized its option to repurchase or substitute all of its defaulted loans, resulting in realized defaults of 0%. However, KBRA does not give credit to the option to repurchase or substitute defaulted loans and has increased its projection of remaining losses for DROT 2014-1.

The affirmation of the notes is due to breakeven losses that are sufficient at their respective rating category. KBRA will continue to monitor the performance of DROT 2014-1.

Diamond Resorts is a leading global hospitality and vacation ownership interest company, and has been managing and operating timeshare resorts since 1996 through its predecessors.

Class	Rating	Original balance	Current Balance	Rating Action
A	AA- (sf)	\$235,630,000	\$71,827,241	Affirm
B	A (sf)	\$24,370,000	\$7,428,722	Affirm

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**Related Publications:**

- [Diamond Resorts Owner Trust 2014-1 Surveillance Report](#)
- [Diamond Resorts Owner Trust 2014-1 Surveillance Report](#)
- [Diamond Resorts Owner Trust 2014-1 Surveillance Report](#)
- [Diamond Resorts Owner Trust 2014-1 New Issue Report](#)
- [Diamond Resorts Owner Trust 2014-1 17q-7 Disclosure Report](#)
- [U.S. Timeshare ABS Rating Methodology](#)

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