

KBRA Places the Class A Notes on Watch Developing, the Class B on Watch Downgrade and Downgrades the Class C Notes for Honor Automobile Trust Securitization 2016-1

NEW YORK, NY (July 24, 2018) – Kroll Bond Rating Agency (KBRA) places the Class A notes on Watch Developing, the Class B notes on Watch Downgrade and downgrades the Class C notes from BB- (sf) to CCC+ (sf) and keeps the Class C notes on Watch Downgrade where it was placed on May 23, 2018. Honor Automobile Trust Securitization Trust 2016-1 (“HATS 2016-1”) is an auto loan ABS transaction which closed December 15, 2016.

These actions are due to further deterioration in transaction performance as a result of disruption associated with management turnover and uncertainty surrounding the future of Honor Finance, LLC (“Honor” or the “Company”) in addition to concerns regarding potential disruption in servicing of the portfolio due to a servicing transfer expected over the next few months following Honor’s notice to resign as servicer on the portfolio. KBRA projects that losses will continue to be much higher than originally expected due to continued performance deterioration, a majority of the delinquencies and extensions becoming defaults, uncertainty regarding the Company, and potential for servicing disruption on the transaction with Honor resigning as servicer.

This transaction represented Honor’s inaugural term securitization. Honor is a subprime auto finance company that was formed in 2001 and is majority-owned by CIVC Partners, a private equity firm based in Chicago. The notes are collateralized by a pool of retail automobile contracts, made to subprime obligors and secured by used automobiles, light duty trucks and vans.

Class	Rating	Original balance	Current Balance	Rating Action
A	A+ (sf)	\$76,480,000	\$8,170,210	Watch Developing
B	BBB (sf)	\$14,660,000	\$14,660,000	Watch Downgrade
C	CCC+ (sf)	\$8,860,000	\$8,860,000	Downgrade*

*The Class C notes will remain on Watch Downgrade

To view the report, click [here](#).

Representations & Warranties Disclosure

All Nationally Recognized Statistical Rating Organizations are required, pursuant to SEC Rule 17g-7, to provide a description of a transaction’s representations, warranties and enforcement mechanisms that are available to investors when issuing credit ratings. KBRA’s disclosure for this transaction can be found in the report available [here](#).

Related Publications: (available at www.kbra.com)

- [Honor Automobile Trust Securitization 2016-1 Surveillance Report](#), published May 23, 2018
- [Honor Automobile Trust Securitization 2016-1 Surveillance Report](#), published December 15, 2017
- [Honor Automobile Trust Securitization 2016-1 New Issue Report](#), published December 15, 2016
- [Global Auto Loan ABS Rating Methodology](#), published November 28, 2017

Analytical Contacts:

Rosemary Kelley, Senior Managing Director
(646) 731-2337
rkelley@kbra.com

William Carson, Senior Director
(646) 731-2405
wcarson@kbra.com

Jenny Ovalle, Director
(646) 731-2309
jovalle@kbra.com

Charlene Davis, Director
(646) 731-2439
cdavis@kbra.com

Michael Polvere, Analyst
(646) 731-3339
mpolvere@kbra.com

**CONNECT
WITH KBRA**



About KBRA and KBRA Europe

KBRA is a full service credit rating agency registered with the U.S. Securities and Exchange Commission as an NRSRO. In addition, KBRA is recognized by the National Association of Insurance Commissioners as a Credit Rating Provider and a certified Credit Rating Agency (CRA) by the European Securities and Markets Authority (ESMA). Kroll Bond Rating Agency Europe Limited is registered with ESMA as a CRA.