S&P Global
Ratings

Research

Presale:

Sonic Capital LLC (Series 2021-1)

July 28, 2021

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Preliminary Ratings

Class	Preliminary rating	Balance (mil. $)	Anticipated maturity	Legal maturity (years)
A-2-I	BBB (sf)	287.50	August 2028	30
A-2-II	BBB (sf)	287.50	August 2031	30

Note: This presale report is based on information as of July 28, 2021. The ratings shown are preliminary. Subsequent information may result in the assignment of final ratings that differ from the preliminary ratings. Accordingly, the preliminary ratings should not be construed as evidence of final ratings. This report does not constitute a recommendation to buy, hold, or sell securities. VFN--Variable funding notes.

Executive Summary

Sonic Capital LLC's series 2021-1 is a $575.00 million corporate securitization of the Sonic Corp. business. From the debt issuance, a portion of the proceeds will be used to repay the amount outstanding on the series 2018-1 class A-2 notes and the remaining proceeds will be used for general corporate purposes, minus transaction fees and expenses. Assuming a full drawdown on the 2020 class A-1 $25.00 million variable-funding note (VFN), the series 2021-1 note issuance will result in Inspire's leverage increasing to 6.5x from 6.3x on a net debt/adjusted EBITDA basis. Sonic's securitization leverage will increase to 6.6x from 4.8x on a funded ABS debt/simple net cash flow basis. Prior to the proposed transaction, the company has significantly de-levered since the series 2020-1 issuance based on $10 million amortization and the over 30% improvement in securitization net cash flow, which brought the leverage to 4.8x from 5.9x. Debt repayment is supported by franchise royalty and license payments, franchise intellectual property (IP), lease rental payments, and fee-owned properties from the 3,524-restaurant location system.

Key credit features of the transaction include:

- A long operating history of over 60 years;
- Sonic's large and expansive franchise base, which has remained steady at 92% of total stores as of the first-quarter 2021;
- Demonstrated resilience through pandemic stress, with 22% increase in year-over-year systemwide sales for 2020;
- Sonic's diversified day-part mix and product mix;
- A significant increase in leverage, to 6.6x from 4.8x, which keeps it in line with other comparable companies;

- A unique royalty rate structure, whereby the rate increases as stores become more successful and generate more revenue;
- Geographic concentration, with the three largest states accounting for 41.2% of the system-wide store count as of March 31, 2021;
- Franchisee concentration, with the top 10 franchisees accounting for over 31.5% of the total franchised store count; and
- The feature in which the trustee will hold mortgages on the real estate assets in escrow and only record such mortgages upon a breach of certain performance triggers.

See the Key Credit Considerations section for more detail.

Transaction Timeline/Participants

Transaction Timeline

Expected closing date	Sept. 13, 2021.
First payment date	Oct. 20, 2021.
A-2-I ARD	August 2028.
A-2-II ARD	August 2031.
Legal maturity date	August 2051.
Payment frequency	Monthly.
Assets	Franchise royalty and license payments, franchise intellectual property, lease rental payments, and fee-owned properties.

ARD--Anticipated repayment date.

Participants

Master Issuer	Sonic Capital LLC.
Co-issuers	Sonic Industries LLC, SRI Real Estate Holding LLC, SRI Real Estate Properties LLC, America's Drive-In Restaurants LLC, and America's Drive-in Brand Properties LLC.
Manager	Sonic Industries Services Inc.
Arranger	Barclays Capital Inc.
Backup manager	FTI Consulting Inc.
Servicer/control party	Midland Loan Services (a division of PNC Bank N.A.).
Trustee	Citibank N.A.
LOC provider	Rabobank.
Sole structuring adviser and joint lead active book-runner	Barclays Capital Inc.

LOC--Letter of credit.

Rating Rationale

The 'BBB (sf)' preliminary rating assigned to Sonic Capital LLC's $575.00 million senior secured notes series 2021-1 reflect our assessment of:

- Brand strength: The strength of the Sonic brand, the likelihood for the brand to survive through a Sonic Corp. bankruptcy, and the brand's resulting capacity to continue generating sufficient cash flows from business operations, provided that adequate servicing remains in place.
- Replaceable manager: The manager's responsibilities are generally limited to sales and general and administrative (SG&A) functions, which we believe increases the likelihood of successful replacement following a termination of the current manager. Additionally, the transaction has a backup manager--FTI Consulting Inc. (established at the transaction's closing)--who has reviewed the business' cost structure relative to the sizing of the management fee, and believes it is adequate should they need to step in.
- Legal isolation of the assets: Substantially all of the business' cash-generating assets are not owned by the manager. They have been sold through a "true sale" to the securitization issuer and guarantors, which are bankruptcy-remote entities. This should decrease the likelihood that Sonic's existing creditors could disrupt cash flow to the securitization following a manager bankruptcy. Legal opinions related to true sale and nonconsolidation have been or will be provided before this transaction's closing.
- Asset performance not fully correlated with manager performance: A system of franchised restaurants will likely continue to generate cash flow following the manager's bankruptcy because individual franchisees generally operate independently from the manager (aside from SG&A functions, which we believe can be transferred to a backup manager).
- Cash flow coverage: Given the brand's strength, the replaceable nature of the manager, and the legal isolation of the assets from the manager, we have projected long-term cash flows for the business. Our analysis incorporates cash flow haircuts reflecting our view of how the business' assets could weaken in adverse economic conditions. Under these conditions, our analysis shows the cash flows generated by the business are sufficient to meet all debt service obligations of the rated notes.
- Liquidity: A reserve account funded with cash and/or a letter of credit equal to three months of interest expenses plus A-1 commitment fees (if any).

Environmental, Social, And Governance (ESG)

Our rating analysis considered the potential exposure of the transaction to ESG credit factors. We have not identified any material ESG credit factors in our analysis. Therefore, ESG credit factors do not influence our assessment of the transaction's credit quality.

Key Credit Metrics And Peer Comparisons

Table 1

Key Metrics And Peer Comparisons

Brands	Series	S&P Global Ratings' credit rating(i)	Store count (no.)	AUV (mil. $)(v)	Franchised (%)(ii)	International (%)(ii)	Operating history (from founding)	Concept type	Leverage (total debt/adjusted EBITDA)(iii)	S&P Global Ratings' min. base-case DSCR(iv)	S&P Global Ratings' min. downside DSCR(iv)
Sonic	2021-1	BBB (sf)	3,524	1.7	92	0	Over 30 years	QSR	6.5	1.8	1.6
ServiceMaster Brands	2021-1	BBB- (sf)	2,624	1.2	99	31	Over 30 years	Restoration services	8.0	1.8	1.4
Five Guys	2021-1	BBB- (sf)	1,684	1.3	73	18	Over 30 years	QSR	7.8	1.7	1.5
Hardee's/Carl's Jr.	2021-1	BBB (sf)	3,834	1.3	94	26	Over 30 years	QSR	7.2	1.8	1.4
Wendy's	2021-1	BBB (sf)	6,838	1.8	95	14	Over 30 years	QSR	6.9	1.8	1.5
Domino's	2021-1	BBB+ (sf)	17,644	0.9	98	64	Over 30 years	QSR	6.4	1.8	1.4
SERVPRO	2021-1	BBB- (sf)	1,860	1.5	100	0	Over 30 years	Restoration services	8.1	1.7	1.4
Driven Brands	2020-2	BBB- (sf)	3,229	1.0	84	19	Over 30 years	Auto services	6.7	1.9	1.6
Jersey Mike's	2019-1	BBB (sf)	1,615	0.8	99	0.3	Over 30 years	QSR	6.4	2.2	1.7
Planet Fitness	2019-1	BBB- (sf)(vi)	1,899	2.1	96	3	29 years	Fitness	6.5	1.7	1.3
Jack in the Box	2019-1	BBB (sf)	2,240	1.5	94	0	Over 30 years	QSR	4.9	1.9	1.6
Applebee's/IHOP	2019-1	BBB (sf)	3,652	2.2	98	7	Over 30 years	CDR	6.0	1.7	1.4
Dunkin' Brands	2019-1	BBB (sf)	20,912	0.8	100	43	Over 30 years	QSR	6.2	1.6	1.4
Taco Bell	2018-1	BBB (sf)	6,505	1.6	91	6	Over 30 years	QSR	5.3	1.6	1.5
Jimmy John's	2017-1	BBB+ (sf)(vii)	2,690	0.8	98	0	Over 30 years	QSR	5.2	1.8	1.7
Cajun Global	2017-1	BBB- (sf)	1,588	0.7	85	32	Over 30 years	QSR	5.2	1.8	1.4
TGIF	2017-1	B (sf)	903	2.7	94	48	Over 30 years	CDR	5.6	1.3	1.0

Table 1

Key Metrics And Peer Comparisons (cont.)

Brands	Series	S&P Global Ratings' credit rating(i)	Store count (no.)	AUV (mil. $)(v)	Franchised (%)(ii)	International (%)(ii)	Operating history (from founding)	Concept type	Leverage (total debt/adjusted EBITDA)(iii)	S&P Global Ratings' min. base-case DSCR(iv)	S&P Global Ratings' min. downside DSCR(iv)
Arby's	2015-1	BBB- (sf)	3,335	1.0	72	1	Over 30 years	QSR	5.3	1.6	1.2

(i)Rating for the senior-most securitization note issued (closed transactions). (ii)Percentage of total store count. (iii)As reported. (iv)As of each series' closing date unless otherwise noted. (v)Preliminary. (vi)Rating was downgraded Sept. 18, 2020, to 'BBB- (sf)' from 'BBB (sf)'; data is from initial rating. (vii)Rating was upgraded March 29, 2021, to 'BBB+ (sf)' from 'BBB (sf)'; data is from inital rating. AUV--Average unit volume. DSCR--Debt service coverage ratio. QSR--Quick-service restaurant. CDR--Casual dining restaurant. R/R--Remediation/reconstruction. Hardee's/Carl's Jr.--Hardee's Funding LLC/Carl's Jr. Funding LLC. Driven Brands--Driven Brands Funding LLC (Maaco, Meineke, and others). Sonic--Sonic Capital LLC. Jersey Mike's--Jersey Mike's Funding LLC. Planet Fitness--Planet Fitness Master Issuer LLC. Domino's--Domino's Pizza Master Issuer LLC. ServPro--ServPro Master Issuer LLC. Wendy's--Wendy's Funding LLC. Jack in the Box--Jack in the Box Funding LLC. Applebee's/IHOP--Applebee's Funding LLC/IHOP Funding LLC (Dine Brands Global). Dunkin' Brands--DB Master Finance LLC (AUV represents domestic for both brands, leverage assumes no variable-funding note). Taco Bell--Taco Bell Funding LLC. Jimmy John's--Jimmy John's Funding LLC. Cajun Global--Cajun Global LLC (Church's Chicken). Five Guys--Five Guys Funding LLC. TGIF--TGIF Funding LLC. Arby's--Arby's Funding LLC.

Industry Outlook

The restaurant industry is highly competitive in price and product offerings. Many operators focus on altering the menu mix and new products toward value offerings to drive guest traffic. Leading into 2020, the sector's performance was mixed due to tepid economic conditions and meaningful weakness at certain restaurant operators. Amid the COVID-19 pandemic, there was a large shift toward delivery options as consumers obeyed stay-at-home orders. This led to a pick-up in delivery orders and ticket sizes due to the influx of people working from home.

However, with the rollout of several vaccines globally and the easing of lockdown, we expect this shift to delivery to slow in 2021. In addition, many independently owned businesses closed during the pandemic-induced lockdowns, creating opportunities for larger players to increase their market share. However, this trend likely won't continue as restrictions ease.

Quick-service restaurants (QSRs) have been performing well overall, while casual dining restaurants continue to face challenges. We expect limited domestic growth and believe restaurants' ability to take market share will drive revenue and profit growth. We also expect slow economic growth to continue to limit guest traffic gains, and any cost inflation would pressure operating margins over the near term because it likely will not be fully passed along to customers. And while labor inflation would affect store profits, the impact may not be meaningful for the highly franchised models. Companies with an international presence have expansion opportunities in various markets.

Summary Of The Business

Sonic LLC, which is headquartered in Oklahoma City and has been in operation for over 60 years, is the world's fourth-largest quick-service restaurant in the hamburger sandwich segment. It operates and franchises the largest chain of drive-in restaurants in the U.S., with 3,524 locations across 46 states (see charts 1 and 2). Sonic differentiates itself from its competitors by using a drive-in format featuring 1950s style décor, where customers remain in their cars and the food is delivered to them. The locations are open throughout the day and offer a diverse menu with a strong day-part mix, including hamburgers, hot dogs, breakfast items, frozen desserts, and beverages, all of which can be customized.

Sonic was purchased by Mavericks Inc. (Mavericks; formerly known as Inspire Brands Inc., formerly known as ARG Holding Corp.) in December 2018. Mavericks originally operated only the Arby's brand but has acquired four major brands since 2018: Buffalo Wild Wings in 2018, Sonic in 2018, Jimmy John's in 2019, and Dunkin Brands in 2020. Mavericks is currently the second-largest restaurant company in the U.S. with sales in excess of $27 billion and over 31,500 units. Mavericks intends to operate the five brands separately.

Cash flows from Sonic's restaurant business are derived from two principal sources: royalty-related revenues, including fees from franchisees and sales from company-owned drive-ins; and rental income from the company's real estate, which includes retained collections from company-owned drive-in master lease payments and post-securitization franchise drive-in lease payments (see chart 3).

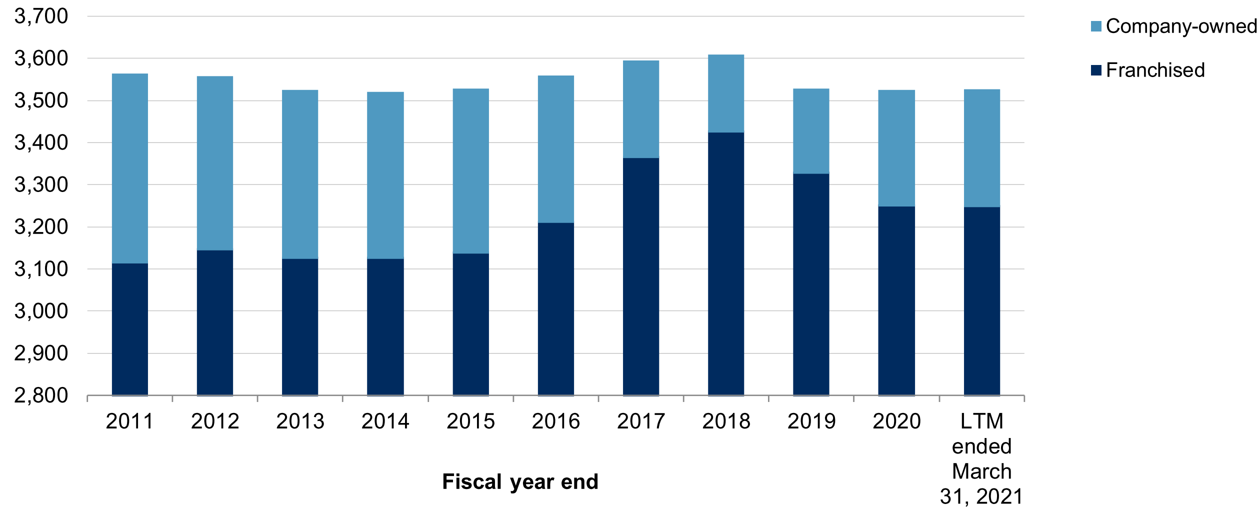
As of March 2021, approximately 92% of Sonic's stores were franchised--an amount that has remained relatively constant since 2017--and the remaining 8% are company-owned. Sonic works with 324 franchisees, the top 10 of which operate 29% of the company's 3,524 stores, with each operating 102 stores on average (see chart 4). Every franchised Sonic drive-in operates under a franchise agreement that requires payments to Sonic Corp. consisting of an initial franchise fee and a royalty fee based on a graduated percentage of gross revenues (see chart 5). New franchised stores are expected to open under the current standard license agreement.

The number of Sonic units has remained steady while the average unit volume (AUV) has shown very strong growth. During the height of the Covid-19 pandemic, the drive-in service format suits consumer preference and became a destination for families wanting to get out of the house. Now, as restrictions continue to be rolled back, Sonic has not only maintained its sales level but has been able to improve it, as can be seen in the March 2021 average unit volume of $1.7 million, compared with $1.6 million in December 2020. This has been driven by marketing, promotions, digital platform, and the drive-in format.

In January 2021, one of the top 10 largest franchisees filed for bankruptcy. According to their filing, SD Holdings Inc. over-extended themselves while growing out new (non-Sonic) brands. Sonic acquired all 73 of the stores and they continue to perform.

Chart 1

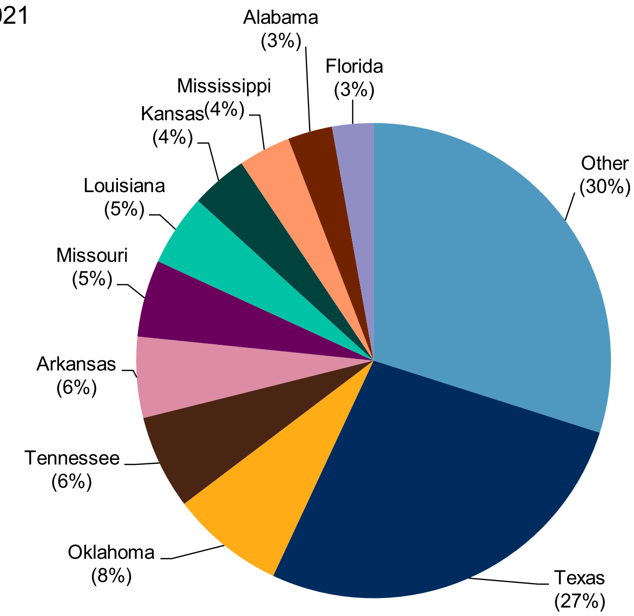
Total Store Count



LTM--Last 12 months. Source: Sonic LLC

Chart 2

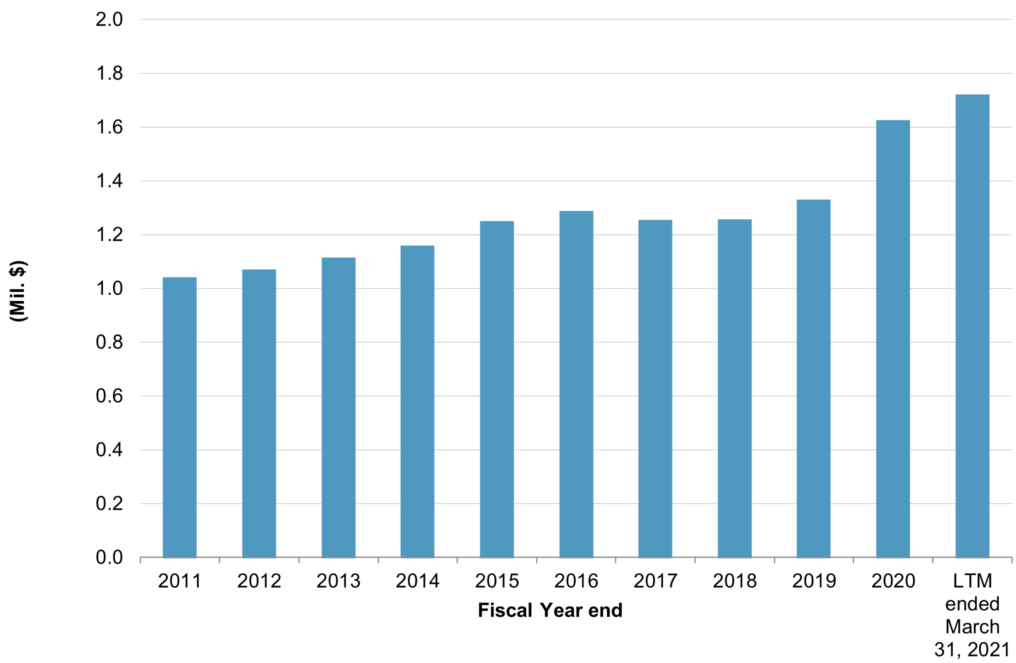
State Concentrations
As of April 4, 2021



Source: Sonic LLC

Chart 3

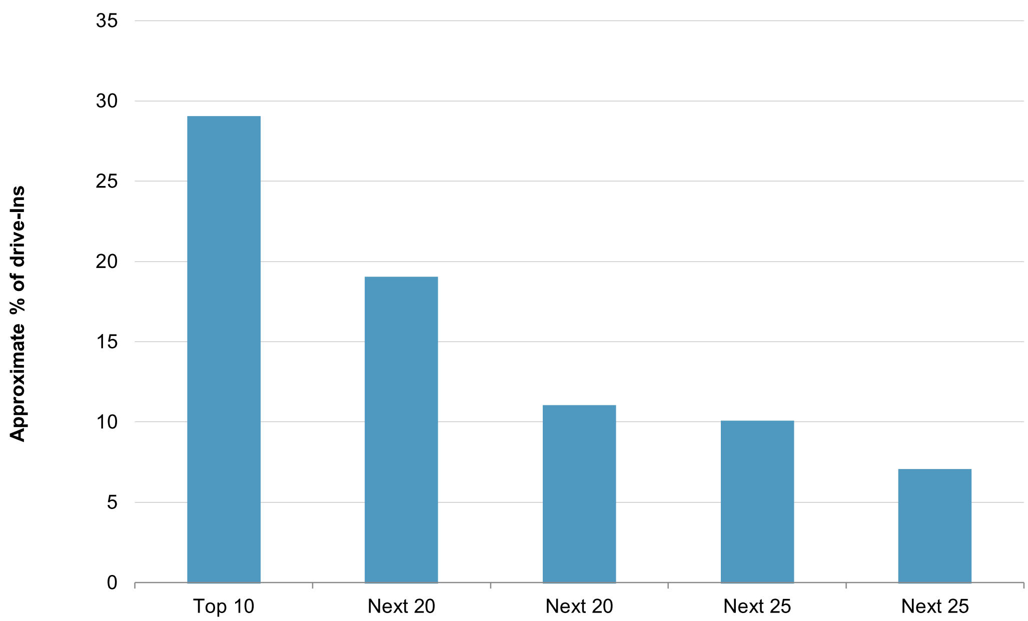
Systemwide Average Sales Per Drive-In



LTM--Last 12 months. Source: Sonic LLC

Chart 4

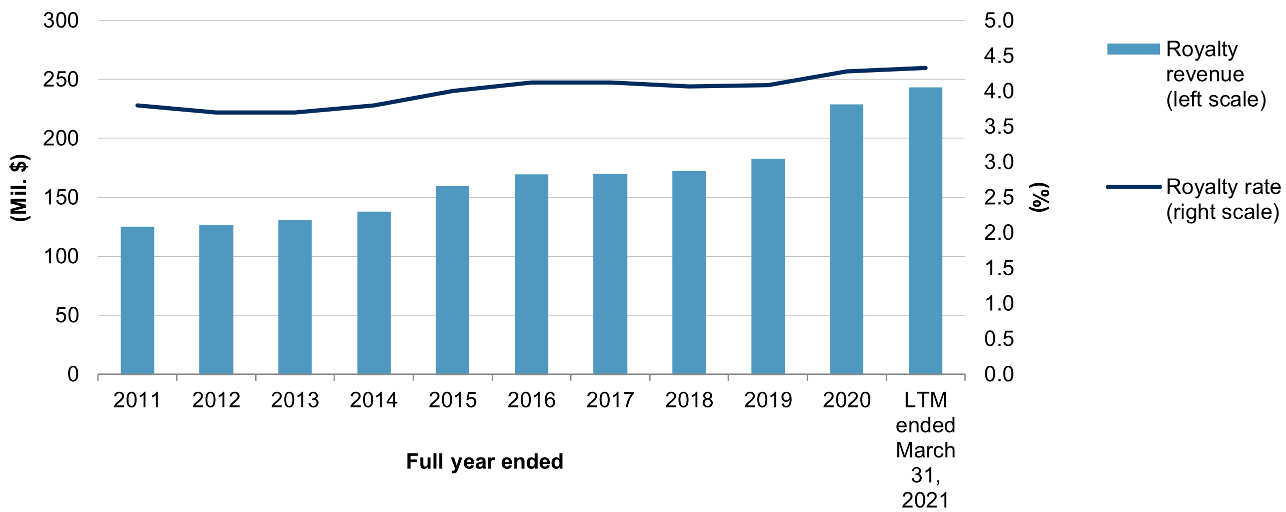
Top Franchisees
As of April 4, 2021



Source: Sonic LLC

Chart 5

Franchise Royalty Rate



LTM--Last 12 months. Source: Sonic LLC

Collateral

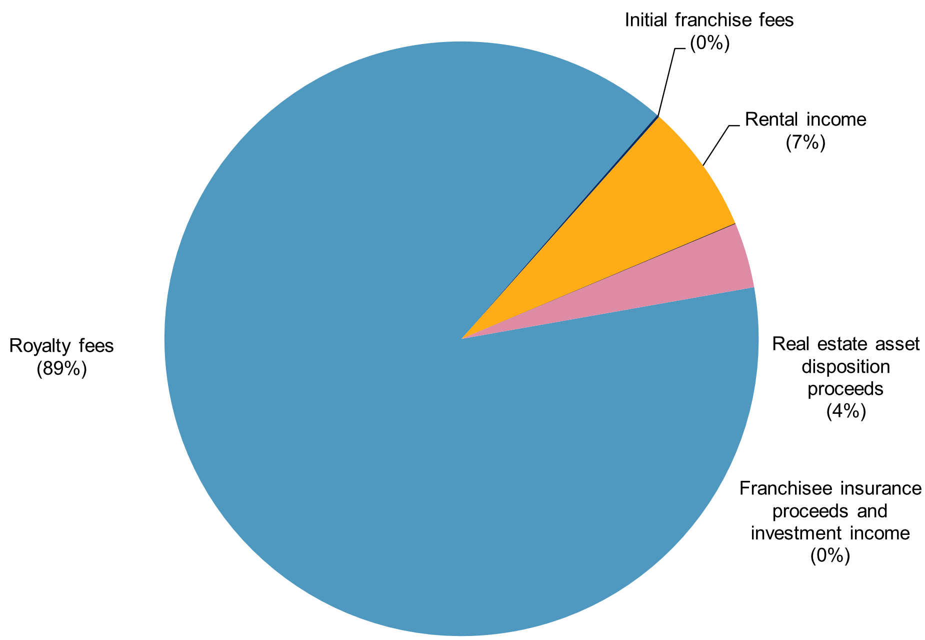
The notes will be secured by a security interest in substantially all of the assets of the master issuer and guarantors and will include:

- Contributed and new franchise and development agreements and the related franchisee payments;
- Securitization IP and IP license agreements;
- Contributed and new owned real property (after the mortgages have been recorded) and franchisee lease payments;
- Transaction accounts;
- Any interest reserve letter of credit; and
- Membership interests in the securitization entities.

Chart 6 illustrates the relative initial contributions of the various cash flow streams to the transaction.

Chart 6

Securitized Net Cash Flow Collections



Source: Sonic LLC

See the Cash Flow Assumptions table (table 4) below for more details on each category of securitization collections.

Key Credit Considerations

Table 2

Key Credit Consideration

Credit consideration	Discussion
Unique royalty rate structure	Each franchised Sonic drive-in operates under a franchise agreement that requires payments to Sonic consisting of an initial franchise fee and a royalty fee based on a graduated percentage of gross revenues. New franchised stores are expected to open under the current standard license agreement. In accordance with Sonic's graduated fee structure, royalty rates could decline if sales decline below certain specified levels. There are several different schedules, but for the majority of the stores, the royalty rate percentage doesn't decline until monthly sales dip below $40,000 or $60,000. There are currently fewer than 40 stores below that level, and average unit volume is $140,777, so we view the risk that there would be a significant decline in the average royalty percentage as remote.
Large domestic geographic concentrations	Geographic concentration in the three largest states accounts for approximately 38.9% of the company's U.S. store count.

Table 2

Key Credit Consideration (cont.)

Credit consideration	Discussion
Long operating history	The first Sonic restaurant opened in Shawnee, Okla., in 1953. Since then, the Sonic brand has survived multiple economic downturns and has built a loyal customer base. This supports the likelihood that brand loyalty, and thus sales, will continue even in the event that Sonic Industries Services Inc. is replaced as the manager.
High franchised percentage, but concentrated in top 10 franchisees	As of March 31, 2021, 92% of Sonic's system-wide stores are operated by franchisees. In 2017, the company completed its refranchising strategy, in which drive-ins were sold to franchisees in order to further strengthen the franchisee base and promote new drive-in growth. We believe a high franchised percentage provides the transaction with better cash flow stability and a less-volatile cash flow, giving more independence from the manager than transactions with lower percentages of franchised stores. However, Sonic's top 10 franchisees operate over a third of the total store count, resulting in concentration risk within the franchise system.

Credit Rating Methodology

The following table details our specific conclusions for each of the five analytical steps in our ratings process for Sonic Capital LLC's series 2020-1.

Table 3

Credit Rating Step

Step	Result	Discussion
Step one		
Eligibility analysis	Pass	Our hypothesis is that a system of franchised restaurants will continue to generate cash flow following a bankruptcy of the manager, as individual franchisees generally operate somewhat independently from the manager (aside from G&A functions, which we believe can be transferred to a back-up), and as long as the brand has sufficient customer loyalty, royalty revenue will continue to be available to service securitization debt assuming the assets have been isolated via a "true sale" to a bankruptcy remote special-purpose entity. Given we do not believe substantially all cash flow from the system will be at risk following the bankruptcy of the manager, our subsequent analysis quantifies the impact of the correlated cash flow decline from the Sonic system, and compares that to ongoing required interest and principal payments to the rated debt.
Step two		
Business volatility score (BVS)	4	Mavericks' business risk profile (BRP) is Satisfactory (3). We continue to apply a two-notch downgrade (5) because Maverick's BRP is partially based on the diversity of the brands at a corporate level. It is our view that Sonic will not materially benefit from the various acquisitions. As such, we maintain the current BVS score of (5) by applying a two-notch downgrade to Mavericks' BVS score of (3). From there, we apply a one-category positive adjustment because Sonic's cash flows are revenue-based, and the system has demonstrated stability over more than 20 years.
Cash flow assumptions		See table 4 below.
Minimum base DSCR	1.79x	Principal and interest are fully paid in this scenario.
Anchor	'bb+'	Determined by table 1 of the Corporate Securitization criteria.

Table 3

Credit Rating Step (cont.)

Step	Result	Discussion
Minimum downside DSCR	1.62x	Principal and interest are fully paid in this scenario. To make it comparable to the other WBS transactions, this ratio was adjusted as if payments were remitted quarterly.
Step three		
Resilience score	Satisfactory	Determined by table 3 of the Corporate Securitization criteria.
Resilience-adjusted anchor	'bbb'	Determined by table 4 of the Corporate Securitization criteria.
Step four		
Modifier analysis	No adjustments	This structure is not highly leveraged and therefore an adjustment was not considered.
Step five		
Comparable rating analysis	No adjustments	The details of Sonic's 2021-1 issuance are in line with other corporate securitizations in the 'bbb' comparison group.

(i)The mappings from BRP to BVS are: excellent=1; strong=2; satisfactory=3; fair=4; weak=5; and vulnerable=6. SG&A--Sales and general and administrative. DSCR--Debt service coverage ratio. WBS--Whole business securitization.

Table 4 shows our cash flow assumptions.

Table 4

Cash Flow Assumptions

	Cumulative decline (%)		
Asset cash flow category	Base case	Downside case	Description
Royalty revenue	0.00	15.00	Royalties received from franchised and company-owned restaurants, which constitute a majority of the overall projected cash flow, are a function of store count, AUV, and royalty rates.
Rental operations cash flow	0.00	30.00	Rental income from some franchised and company-operated real estate, which provides additional cash flow.

AUV--Average unit volume.

Sensitivity Analysis

Sensitivity run 1: management fee stress

Using the base-case assumptions in table 4 above, we determined that the management fee could be increased by as much as 245% (translating to an approximately 55% reduction in net securitized cash flow relative to the base case) without any impact on the transaction's ability to pay timely interest and full principal payments by the legal final maturity. In our opinion, additional management fee stresses could occur if Sonic experienced a bankruptcy. While the management fee is currently outlined in the transaction documents, we believe that it may be possible that such fees might be renegotiated in a potential bankruptcy scenario.

Sensitivity run 2: event-driven stress

Starting with the base-case scenario assumptions, we determined the maximum haircut to cash flow that would allow timely interest and full principal payments by the transaction's legal final maturity date. This haircut to cash flow after fees is approximately 55%. We examined several event risks associated with cash flow losses, including royalty losses from the top three geographies by store count (Texas, Oklahoma, and Tennessee) and from the top 10 franchisees. Under these scenarios, our analysis showed that the transaction could pay timely interest and full principal by legal final maturity.

Structural Protection Summary

The structural features and credit enhancements (summarized in table 5) are generally consistent with those of other recently rated corporate securitizations.

Table 5

Structural Features

Test	Sonic Capital LLC (Series 2020-1)
Rapid amortization DSCR trigger (P&I)	1.2x
Cash trapping DSCR trigger (P&I)	1.5x; less than $2.75 billion in system-wide sales.
Holding company leverage ratio nonamortization test (total debt/EBITDA)	5.0x (no scheduled amortization if the holding company leverage ratio is less than or equal to this level).
ARD horizon(i)	Class A-1: five years, with two one-year automatic renewals; class A-2-I: seven years; class A-2-II: 10 years.
Scheduled amortization through ARD (%)	1.0
Manager termination DSCR trigger (IO)	1.2x
Event-of-default DSCR trigger (IO)	1.1x
Management fee	The management fee has fixed and variable components. According to the transaction documents, the fixed component is assumed to be $10.85 million. The variable component is a function of retained collections, specifically, $13,000 for every $100,000 of retained collections. The management fee is subject to annual 2% increases up to a cap of 35% of the retained collections.

(i)The failure to pay any tranche of the series 2021-1 class A-2 notes in full by the applicable series 2021-1 ARD will not be an event of default. Instead, if any tranche of the series 2021-1 class A-2 notes is not repaid in full on or prior to the applicable series 2021-1 ARD, a rapid amortization event will occur and the master issuer will be required to repay the outstanding principal amount of all classes and tranches of notes, including the series 2021-1 class A-2 notes, on the payment date that is such series 2021-1 ARD and each payment date thereafter in accordance with priority (xv) of the priority of payments, except as such rapid amortization event may be cured as described in the second proviso to the definition of "rapid amortization event" set forth herein. DSCR--Debt service coverage ratio. P&I--Principal and interest. ARD--Anticipated repayment date. IO--Interest only.

Payment Priority

As of the Series 2021-1 closing date, Series 2020-1 class A-1, 2020-1 class A-2-I bonds and 2020-1 class A-2-II remain outstanding. The Series 2018 notes will be fully redeemed. The five classes of senior notes will pay interest and principal monthly in the priority shown below (see table 6). Currently, the transaction includes no senior subordinated or subordinated notes;

however, the transaction may issue these notes if certain conditions are met.

Table 6

Payment Priority

Priority	Payment
1	Servicing advances, manager advances, servicing fees, liquidation fees, and workout fees.
2	Successor manager transition expenses.
3	Interim management fee.
4	Pro rata, capped securitization operating expenses and, if an event of default has occurred and is continuing, post-default capped trustee expenses.
5	Interest payments on the senior notes and hedge payments, if any.
6	Commitment fees on the class A-1 senior notes.
7	Capped class A-1 senior note administrative expenses amount.
8	Interest on the senior subordinated notes, if any.
9	Senior note interest reserve account deficit amount into the senior note interest reserve account.
10	Senior subordinated note interest reserve account deficit amount into the senior subordinated note interest reserve account.
11	The senior notes' accrued scheduled principal payments amount and the senior notes' scheduled principal payments deficiency amount.
12	Supplemental management fee, if any.
13	So long as no rapid amortization period is continuing, if the class A-1 senior note amortization event is continuing, the class A-1 notes' principal.
14	If no rapid amortization has occurred, the cash trapping amount, if any.
15	If a rapid amortization has occurred, all remaining amounts to the senior notes.
16	The senior subordinated notes' accrued scheduled principal payments amount, and the senior subordinated notes' scheduled principal payments deficiency amount, if any.
17	If a rapid amortization has occurred, all remaining amounts to the senior subordinated notes, if any.
18	Any excess securitization operating expenses.
19	The excess class A-1 senior note administrative expenses amounts.
20	Other class A-1 senior note amounts.
21	Interest on the subordinated notes, if any.
22	The subordinated notes' accrued scheduled principal payments amount, if any.
23	If a rapid amortization has occurred, all remaining amounts to the subordinated notes, if any.
24	After the anticipated repayment date, to pay the senior notes accrued monthly post-ARD contingent interest amount.
25	After the anticipated repayment date, the senior subordinated notes' accrued monthly post-ARD contingent interest amount.
26	After the anticipated repayment date, the subordinated notes accrued monthly post-ARD contingent interest amount.
27	Hedge termination payments and other unpaid hedge payments, if any.
28	Environmental remediation expenses amounts, if any.
29	Any unpaid premiums and make-whole prepayment premiums on the senior notes.
30	Any unpaid premiums or make-whole prepayment premiums on the senior subordinated notes.

Table 6

Payment Priority (cont.)

Priority	Payment
31	Any unpaid premiums or make-whole prepayment premiums on the subordinated notes.
32	Any remaining funds to the master issuer and SRI Real Estate Holdco.

ARD--Anticipated repayment date.

Surveillance

We will maintain active surveillance on the rated notes until the notes mature or are retired. The purpose of surveillance is to assess whether the notes are performing within the initial parameters and assumptions applied to each rating category. The transaction terms require the issuer to supply periodic reports and notices to S&P Global Ratings for maintaining continuous surveillance on the rated notes.

We view Sonic's performance as an important part of analyzing and monitoring the performance and risks associated with the transaction. While company performance will likely have an effect on the transaction, we believe other factors such as cash flow, debt reduction, and legal framework also contribute to the overall analytical opinion.

Related Criteria

- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities, Dec. 22, 2020
- Criteria | Structured Finance | Legal: U.S. Structured Finance Asset Isolation And Special-Purpose Entity Criteria, May 15, 2019
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | ABS: Global Methodology And Assumptions For Corporate Securitizations, June 22, 2017
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Global Structured Finance Scenario And Sensitivity Analysis: Understanding The Effects Of Macroeconomic Factors On Credit Quality, July 2, 2014