



DBRS and Morningstar Credit Ratings Release Updated Criteria for North American Commercial Real Estate Property Net Cash Flow Analysis

Sept. 20, 2019—On July 11, 2019, Morningstar Credit Ratings, LLC (MCR) and DBRS, Inc. (DBRS; together, DBRS Morningstar) published their first announcement regarding the integration of the analytical teams focused in the U.S. structured finance market. Today's press release is the eighth in a series to keep the market updated on analytical integration decisions and is focused on the U.S. commercial mortgage-backed securities (CMBS) sector.

[DBRS and Morningstar Credit Ratings Announce Analytical Integration Process and Ratings Overlap.](#)

DBRS and MCR have conducted a review of their respective criteria and guidelines concerning commercial real estate property cash flow analysis. As a result, DBRS Morningstar released an updated "DBRS Morningstar North American Commercial Real Estate Property Analysis Criteria," which the DBRS Morningstar North American CMBS ratings group will use to assign ratings and monitor outstanding ratings on multi-borrower conduit, agency, commercial real estate collateralized loan obligation and single-asset/single-borrower transactions, among others.

The updated criteria can be tracked to the former "DBRS North American Commercial Real Estate Property Analysis Criteria," including updates on the treatment of rent steps within the first year of the loan for new leases signed and existing tenants in occupancy for various property types. Additionally, the criteria clarifies a minimum management fee applied in the DBRS Morningstar cash flow analysis.

This update supersedes the previous "DBRS North American Commercial Real Estate Property Analysis Criteria" (published in January 2019) and the MCR "CMBS Property Cash Flow Underwriting and Valuation Guidelines" (published in March 2019) and is effective as of September 20, 2019. DBRS Morningstar deems the update to the criteria not to be material and has determined that no ratings are expected to change as a result of this update.

Notes:

For analytical inquiries regarding this press release, please contact Erin Stafford, Managing Director, U.S. CMBS.

For more information on the transactions rated by DBRS, please visit www.dbrs.com or contact DBRS at info@dbrs.com. For transactions rated by MCR, please visit www.morningstarcreditratings.com or contact ratingagency@morningstar.com.

For rating engagement inquiries regarding the U.S. CMBS asset class coverage or any asset classes not listed, please contact Sean O'Connor, Managing Director, Head of Global Business Development.

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