

RMBS Alert

Pending Maturity Dates May Lead to Further Repayments

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Morningstar Perspective

American Homes 4 Rent repaid the \$342.1 million loan backing the single-family rental transaction, American Residential Properties 2014-SFR1, on the deal's initial maturity date this month, declining the option to extend the loan. The ARP deal, originally issued at \$342.2 million, was backed by a single floating-rate, interest-only loan with three one-year extension options. ARP merged with AH4R in March 2016.

According to the DealView® Surveillance Analysis published by Morningstar Credit Ratings, LLC for this deal in August 2016, ARP 2014-SFR1 had a debt service coverage ratio of approximately 2.3x, which means that the cash generated from the 2,875 underlying rental properties was more than double the amount needed to make timely interest payments on the certificates. (For details, please access [Morningstar Transaction Analysis: ARP 2014-SFR1](#).)

This transaction follows Progress Residential 2014-SFR1 to become the second U.S. single-family rental deal to have been fully repaid this year. Unlike ARP 2014-SFR1, the Progress transaction was repaid prior to its spread maintenance date of Oct. 7, 2016, thus requiring the borrower to pay a prepayment premium of \$1.6 million. The prepayment was partially funded by the net proceeds from a recent Progress securitization, Progress 2016-SFR1, which Morningstar rated. Below are five similar single-family rental transactions with maturity dates in the next six months. Each of the below deals are backed by a single floating-rate loan with multiple one-year extension options.

Single-Family Rental Deals to Mature in Upcoming Six Months

Transaction	Current Balance (\$)	Next Maturity Date	Final Extended Maturity Date	Exercised Extensions	Spread Maintenance Date
Invitation Homes 2013-SFR1	464,690,073.00	Dec. 9, 2016	Dec. 9, 2018	1	Dec. 9, 2014
Invitation Homes 2014-SFR3	768,585,222.70	Dec. 9, 2016	Dec. 9, 2019	0	Dec. 9, 2015
SWAY Residential 2014-1	528,878,411.60	Jan. 9, 2017	Jan. 9, 2020	0	Jan. 9, 2017
Progress Residential 2015-SFR1	553,537,437.10	Feb. 9, 2017	Feb. 7, 2020	0	Feb. 9, 2017
Invitation Homes 2015-SFR1	532,346,203.90	Mar. 9, 2017	Mar. 9, 2020	0	Mar. 9, 2016

Source: Morningstar Credit Ratings, LLC

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