



News Release

22 West Washington Street
Chicago
Illinois 60602

Telephone: +1 312 696-6000
Facsimile: +1 312 696-6009

Media Contact:

Michelle Weiss, +1 267-960-6014 or michelle.weiss@morningstar.com

FOR IMMEDIATE RELEASE

Morningstar Credit Ratings, LLC Assigns 'MOR RV1' Residential Vendor Ranking for Carrington Property Services, LLC as a Single-Family Rental Property Manager, Residential Real Estate Owned Asset Manager

NEW YORK, May 6, 2014--Morningstar Credit Ratings, LLC today assigned its 'MOR RV1' residential vendor ranking for Carrington Property Services, LLC (CPS) as a residential single-family rental property manager and as a residential real estate owned (REO) asset manager. The assigned rankings are based on the following factors:

Residential Single-Family Rental Property Manager:

- Extensive performance history: CPS has established a national footprint as a residential property manager, managing more than 35,000 properties for multiple clients since 2007 and can serve as a master, oversight, or standby residential property manager.
- Technology: CPS has developed proprietary technology that handles all aspects of the rental property management lifecycle and provides in-depth performance monitoring, data collection, and scoring of property manager performance.
- Comprehensive business model: CPS has developed the requisite infrastructure and human resources to provide third-party clients with comprehensive property management services that include property condition and repair evaluation; estimated market rent opinion and rental viability; property repair and marketing oversight; tenant screening; rent collection; 24/7 customer service availability; and delinquency and eviction process management.

Residential REO Asset Manager:

- Extensive performance history: CPS has managed more than 21,000 REO assets since 2009 and has sold between \$500 million and \$1 billion in REO properties each year.

- Vendor management: A continuous scoring and feedback loop between management and vendors as well as extensive performance data collection and reporting to management provides CPS with the ability to monitor compliance with client-specific key performance indicators.

Operational Risk Functions:

- Organizational structure: CPS effectively leverages various shared services from its corporate parent, including accounting, audit and risk management, information technology, human resources, legal and compliance, training and recruiting, and project management, which gives CPS a competitive business advantage.
- Effective training programs: Morningstar's positive opinion of CPS is based on an effective training regimen for new and current employees that benefits from a blend of internal and external training solutions coupled with extensive compliance training.
- Comprehensive policies and procedures: CPS has comprehensive policies and procedures that incorporate specific client-driven processes that maximize compliance and performance with the requirements inherent in client-mandated service-level agreements, according to Morningstar.
- Robust technology environment: Morningstar believes that CPS has an effective technology architecture and systems infrastructure that support CPS' products and services and is fully scalable, commensurate with business goals.
- Disaster recovery and business continuity: CPS has an effective disaster recovery and business continuity plan in place that is tested annually. CPS employs geographical redundancy between its main server site in Santa Ana, Calif. and a reciprocal site located in Fishers, Ind.
- Risk management: CPS has implemented an effective, multilayered control environment throughout the organization by instituting sound internal controls, according to Morningstar. These controls include effective training programs, comprehensive procedures, continuous performance monitoring and review, internal self-evaluation risk reviews, an independent corporate internal audit program, and a comprehensive security strategy.
- Tenured management team: CPS is led by a highly experienced and tenured management team averaging more than 20 years of relevant industry experience and has acceptable levels of organizational turnover.

The forecast for the rankings is Stable. Morningstar believes that CPS' extensive track record in the single-family rental property management field should position the company strongly as a master, oversight, and standby residential property manager as the volume of single-family rental securitizations increases in the

next 18 months. Morningstar believes that CPS' extensive track record in the REO asset management business and position as a market leader should continue to represent a proportional share of the REO asset management market, although REO volume, in general, may decline due to market conditions.

To access Morningstar's operational risk assessment methodology and all published reports, please visit <https://ratingagency.morningstar.com>.

About Morningstar Credit Ratings, LLC and Morningstar, Inc.

Morningstar Credit Ratings, LLC is a Nationally Recognized Statistical Rating Organization (NRSRO) that specializes in structured credit research and ratings, and offers a wide array of services including new-issue ratings and analysis, operational risk assessments, surveillance services, data, and technology solutions.

Morningstar Credit Ratings' rankings, forecasts, and assessments contained in this press release are evaluations and opinions of non-credit related risks, and therefore, are not credit ratings within the meaning of Section 3 of the Securities Exchange Act of 1934 ("Exchange Act") or credit ratings subject to the Exchange Act requirements and regulations promulgated thereunder with respect to credit ratings issued by NRSROs.

Morningstar Credit Ratings, LLC is a subsidiary of Morningstar, Inc. (NASDAQ: MORN), a leading provider of independent investment research in North America, Europe, Australia, and Asia.

Morningstar, Inc. offers an extensive line of products and services for individual investors, financial advisors, asset managers, and retirement plan providers and sponsors. Morningstar provides data on approximately 456,000 investment offerings, including stocks, mutual funds, and similar vehicles, along with real-time global market data on more than 12 million equities, indexes, futures, options, commodities, and precious metals, in addition to foreign exchange and Treasury markets. Morningstar also offers investment management services through its registered investment advisor subsidiaries and had approximately \$164 billion in assets under advisement and management as of March 31, 2014. The company has operations in 27 countries.

Morningstar, Inc. is not an NRSRO and its credit ratings on corporate and municipal issuers are not NRSRO credit ratings.

#

©2014 Morningstar, Inc. All rights reserved.

MORN-R