



News Release

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FOR IMMEDIATE RELEASE

Morningstar Credit Ratings Publishes Report on Commercial Mortgage Servicing Portfolio Trends

NEW YORK, May 15, 2017—Morningstar Credit Ratings, LLC today published its report "[Commercial Mortgage Servicing Trends—Battling CMBS Headwinds, Servicers Pursue Alternatives to Sustain Volume.](#)"

To assess commercial mortgage servicers' portfolio activity, especially in the commercial mortgage-backed securities sector, Morningstar analyzed the aggregated semiannual data it received from the four largest servicers: PNC Real Estate/Midland Loan Services, Wells Fargo Bank N.A., Berkadia Commercial Mortgage LLC, and KeyBank N.A.

As the master servicers for most CMBS transactions and collectively servicing upward of 100,000 loans, including all investor types, these companies are an excellent representation of not only the CMBS sector but also the commercial mortgage servicing industry.

Morningstar's report finds that master servicers are succeeding in their efforts to confront lower CMBS issuance and the much publicized wave of maturing CMBS loans. With shrinking CMBS loan portfolios, the servicers capitalized on the programs of government-sponsored enterprises and other lenders' output to replenish payoffs.

Although they experienced minimal growth last year, master servicers' work demands did not ease. They had an uptick in asset transfers to special servicers with matured loans, overwhelmingly from 2007-vintage transactions, representing a growing share of the transfers.

The servicers also are contending with the extensive investor-reporting and compliance-tracking requirements of newer CMBS, securitizations from the GSEs, and other third-party clients. Furthermore, they have had to address high levels of loan-boarding and a steady, albeit reduced, volume of CMBS

borrower consents. As legacy transactions conclude, servicers also are administering more trust terminations.

About Morningstar Credit Ratings, LLC and Morningstar, Inc.

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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.

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