



Insight beyond the rating.

Date of Release: August 31, 2015

DBRS Upgrades CMLS' Primary Servicer Evaluation to Superior, Confirms Master and Special Servicer Evaluations of Adequate

Bloomberg: DBRS Upgrades/Confirms CMLS PS, MS & SS Evaluations

Industry Group: Structured Finance

Sub-Industry: Sec. - CMBS

DBRS, Inc. (DBRS) has today upgraded its evaluation of CMLS Financial Ltd.'s (CMLS or The Company) Commercial Mortgage Primary Servicing capabilities to Superior from Good. Additionally, DBRS confirms the evaluations of Adequate for The Company's Commercial Mortgage Master and Commercial Mortgage Special Servicing capabilities.

CMLS is among the very largest independent commercial mortgage servicing companies in Canada. The Company, originally known as Penmor Investment Services Ltd., is headquartered in Vancouver and has operated continuously since 1974. Consistently profitable, CMLS services for a variety of investors, including banks, insurance companies, investment managers, private lenders and commercial mortgage-backed securities (CMBS) trusts. The employee-owned company also maintains a significant commercial mortgage origination business, including a CMBS issuance platform, as well as a mortgage valuation business.

Among the strengths of CMLS are its highly experienced and tenured senior management team and The Company's long history of third party servicing, including legacy and recently issued CMBS. Additionally, CMLS continues to maintain a strong control environment and internal audit program. Finally, The Company maintains a strong focus on technology, as evidenced by the development and implementation of its proprietary comprehensive asset management system. CMLS' challenges include adapting to its new role as a CMBS Master Servicer overseeing third party primary servicers, and its ability to maintain servicing standards as its portfolio expands. The Company continues to revise and develop CMBS-specific policies and procedures, including a third party servicer evaluation program. The senior management team has effectively managed portfolio growth over the past several years and continues to plan for future growth by hiring new employees as necessary and using technology to develop servicing efficiencies.

As of June 30, 2015, the CMLS commercial servicing portfolio consisted of 1,769 loans totaling \$10.46 billion, of which 104 loans totaling \$1.28 billion were CMBS. CMLS continues to maintain a diverse roster of investor clients in its servicing portfolio. In addition, the portfolio continues to be well diversified by property type and geography throughout Canada.

The servicer evaluation reflects a comprehensive review of the CMLS organizational structure, the management team, asset administration, loss management, technology, staffing and training, procedures and controls, and financial strength.

Notes:

All figures are in Canadian dollars unless otherwise noted

The applicable methodology is North American Commercial Mortgage Servicer Evaluations which can be found on our website under Methodologies.

DBRS will publish a full report shortly that will provide additional analytical detail on this rating action. If you are interested in receiving this report, contact us at info@dbrs.com.

Press Release



Insight beyond the rating.

<u>Issuer</u>	<u>Rated</u>	<u>Rating Action</u>	<u>Rating</u>	<u>Trend</u>
CMLS Financial Ltd.	Primary Commercial Mortgage Servicing	Upgraded	Superior	--
CMLS Financial Ltd.	Master Commercial Mortgage Servicing	Confirmed	Adequate	--
CMLS Financial Ltd.	Special Commercial Mortgage Servicing	Confirmed	Adequate	--

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