

## DBRS Morningstar Confirms CMLS Financial Ltd.'s Primary Residential Mortgage Servicing at Good and Special Residential Mortgage Servicing at Adequate

### RMBS

DBRS Limited (DBRS Morningstar) confirmed CMLS Financial Ltd.'s (CMLS) Primary Residential Mortgage Servicing at Good and Special Residential Mortgage Servicing at Adequate. The evaluations are based on a review of CMLS in the following areas: company and management; asset administration, reporting, and customer service; default and loss management; technology; financial condition; controls and compliance; and outsourcing and subservicing arrangements. The evaluations may be taken as evidence of CMLS' satisfaction of DBRS Morningstar's expectations to act as a third-party servicer for residential mortgage-backed securities and be relied on by third parties as such.

CMLS is a privately owned Canadian-based originator, underwriter, and servicer of residential and commercial mortgages with nearly \$24.2 billion (\$7.9 billion residential and \$16.3 billion commercial) in mortgages under administration as of December 31, 2019. Among the strengths of CMLS are its experienced senior management; mortgage insurers' comfort with CMLS' servicing capacity, where 95% of its serviced portfolio is insured and no claim has ever been rejected by mortgage insurers; and its strong control environment and audit program.

On March 11, 2020, the World Health Organization declared the Coronavirus Disease (COVID-19) outbreak a pandemic. To slow down the spread of the virus in Canada, many businesses have shut down and consumers have been laid off as a result. To help customers experiencing financial hardship, CMLS has been working with affected customers and offering relief programs such as mortgage payment deferrals for 30 days up to six months. DBRS Morningstar places emphasis on a servicer's ability to manage delinquency roll rates, offer effective workouts, and minimize recidivism rates during a market downturn and will continue to monitor CMLS' performance in these areas. All staff is currently working from home, and CMLS confirmed that the systems have been running without interruptions or capacity concerns.

A description of how DBRS Morningstar considers ESG factors within the DBRS Morningstar analytical framework and its methodologies can be found at: <https://www.dbrsmorningstar.com/research/357792>.

#### Notes:

All figures are in Canadian dollars unless otherwise noted.

The principal methodology is Operational Risk Assessments for Canadian Structured Finance, which can be found on [dbrsmorningstar.com](http://dbrsmorningstar.com) under Methodologies & Criteria.

For more information regarding rating methodologies and Coronavirus Disease (COVID-19), please see the following DBRS Morningstar press release: <https://www.dbrsmorningstar.com/research/357883>.

For more information regarding structured finance rating methodologies and Coronavirus Disease (COVID-19), please see the

following DBRS Morningstar press release: <https://www.dbrsmorningstar.com/research/358308>.

The entity or its related entities did participate in the rating process for this rating action. DBRS Morningstar had access to the accounts and other relevant internal documents of the entity or its related entities in connection with this rating action.

The full report providing additional analytical detail is available by clicking on the link under Related Documents below or by contacting us at [info@dbrsmorningstar.com](mailto:info@dbrsmorningstar.com).

For more information on this credit or on this industry, visit [www.dbrsmorningstar.com](http://www.dbrsmorningstar.com) or contact us at [info@dbrsmorningstar.com](mailto:info@dbrsmorningstar.com).

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## Ratings

### CMLS Financial Ltd. (Svr)

Date Issued	Debt Rated	Action	Rating	Trend	Issued
10-Apr-20	Primary Residential Mortgage Servicing	Confirmed	Good	--	CA
10-Apr-20	Special Residential Mortgage Servicing	Confirmed	Adequate	--	CA

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