

DBRS Morningstar Places 10 Amur Equipment Finance Securities Under Review with Negative Implications

EQUIPMENT

DBRS, Inc. (DBRS Morningstar) placed the following 10 classes of securities issued by Amur Equipment Finance Receivables V LLC, Amur Equipment Finance Receivables VI LLC, and Amur Equipment Finance Receivables VII LLC Under Review with Negative Implications:

- Amur Equipment Finance Receivables V LLC, Series 2018-1, Class F Notes
- Amur Equipment Finance Receivables VI LLC, Series 2018-2, Class C Notes
- Amur Equipment Finance Receivables VI LLC, Series 2018-2, Class D Notes
- Amur Equipment Finance Receivables VI LLC, Series 2018-2, Class E Notes
- Amur Equipment Finance Receivables VI LLC, Series 2018-2, Class F Notes
- Amur Equipment Finance Receivables VII LLC, Series 2019-1, Class B Notes
- Amur Equipment Finance Receivables VII LLC, Series 2019-1, Class C Notes
- Amur Equipment Finance Receivables VII LLC, Series 2019-1, Class D Notes
- Amur Equipment Finance Receivables VII LLC, Series 2019-1, Class E Notes
- Amur Equipment Finance Receivables VII LLC, Series 2019-1, Class F Notes

Due to the widespread shutdown of economic activity throughout the U.S. because of the Coronavirus Disease (COVID-19) pandemic, significant stress on domestic businesses is expected to continue during the next several months. Consequently, DBRS Morningstar expects the performance of collateral securing the notes listed above to be adversely affected. In addition to the expected stress from the coronavirus pandemic, DBRS Morningstar's rating actions take into account the respective transactions' performance to date (based on April 15, 2020 remittance reports), which has been negatively affected by the downturn in the trucking industry throughout 2019 that began in the fourth quarter of 2018.

The rating actions by DBRS Morningstar are based on the following analytical considerations:

- The updated loss expectation for each transaction by DBRS Morningstar considers how the transactions' performance has been affected to date by the last year's downturn in trucking industry as well as the impact of the coronavirus pandemic.
- DBRS Morningstar's assessment as to how collateral performance could deteriorate due to macroeconomic stresses brought about by the coronavirus pandemic. As the pandemic spreads and its consequences unfold, it is difficult to anticipate the ultimate impact on the variables that drive credit quality. In the context of this highly uncertain environment and in the interest of transparency, we released a set of forward-looking macroeconomic scenarios for select economies related to the coronavirus in a commentary titled "Global Macroeconomic Scenarios: Implications for Credit Ratings" on April 16, 2020. The moderate and the adverse scenarios are being used in the context of DBRS Morningstar's rating analysis, with the moderate scenario serving as the primary anchor for current ratings and the adverse scenario serving as a benchmark for sensitivity analysis.

-- DBRS Morningstar's moderate scenario assumes some success in containment within Q2 2020 and a gradual relaxation of restrictions, enabling most economies to begin a gradual economic recovery in Q3 2020. This moderate scenario primarily considers two economic measures: declining gross domestic product (GDP) growth and increased unemployment levels for the year. For commercial asset classes, the GDP growth rate is intended to provide the basis for measurement of performance expectations.

-- There have been material changes in Amur Equipment Finance, Inc.'s (AEF) origination strategies, underwriting framework, financed asset mix, and access to liquidity since the Great Recession of 2008-09, which DBRS Morningstar considered in assessing the additional economic stress related to the coronavirus pandemic. DBRS Morningstar also views these factors as potentially mitigating some of the impact of recessionary conditions stemming from the coronavirus pandemic.

-- The potential impact of the U.S. government stimulus programs provided to businesses that are expected to benefit businesses by softening the impact of the coronavirus pandemic. The programs are intended to enable companies to retain employees to promote an efficient restart of operations and to use other available liquidity to support nonpayroll business needs.

-- The relative benefit from obligor and geographic diversification of collateral pools.

-- Current level of available credit enhancement in each transaction.

-- The information provided to DBRS Morningstar by AEF with respect to the current market conditions and the impact of coronavirus outbreak on originations, underwriting, operations and portfolio performance to date.

When a rating is placed Under Review with Negative Implications, DBRS Morningstar seeks to complete its assessment and remove the rating from this status as soon as appropriate. Upon the resolution of the Under Review status, DBRS Morningstar may confirm or downgrade the ratings on the affected classes.

ESG CONSIDERATIONS

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:

The principal methodology is the DBRS Master U.S. ABS Surveillance Methodology (July 31, 2019), which can be found on 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 rated 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 rated entity or its related entities in connection with this rating action.

Please see the related appendix for additional information regarding the sensitivity of assumptions used in the rating process.

For more information on this credit or on this industry, visit www.dbrsmorningstar.com or contact us at info@dbrsmorningstar.com.





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Ratings






Amur Equipment Finance Receivables V LLC

Date Issued	Debt Rated	Action	Rating	Trend	Issued
13-May-20	Series 2018-1, Class F Notes	UR-Neg.	B (sf)	--	

Amur Equipment Finance Receivables VI LLC

Date Issued	Debt Rated	Action	Rating	Trend	Issued
13-May-20	Series 2018-2, Class C Notes	UR-Neg.	A (sf)	--	
13-May-20	Series 2018-2, Class D Notes	UR-Neg.	BBB (sf)	--	
13-May-20	Series 2018-2, Class E Notes	UR-Neg.	BB (sf)	--	
13-May-20	Series 2018-2, Class F Notes	UR-Neg.	B (sf)	--	

Amur Equipment Finance Receivables VII LLC

Date Issued	Debt Rated	Action	Rating	Trend	Issued
13-May-20	Series 2019-1, Class B Notes	UR-Neg.	AA (sf)	--	
13-May-20	Series 2019-1, Class C Notes	UR-Neg.	A (sf)	--	
13-May-20	Series 2019-1, Class D Notes	UR-Neg.	BBB (sf)	--	
13-May-20	Series 2019-1, Class E Notes	UR-Neg.	BB (sf)	--	
13-May-20	Series 2019-1, Class F Notes	UR-Neg.	B (sf)	--	

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