NEW YORK--(BUSINESS WIRE)--Fitch Ratings expects limited rating actions to be taken on U.S. CMBS transactions as a result of Fitch placing the U.S. sovereign rating on Rating Watch Negative. Bonds in five CMBS transactions have direct links to the U.S. rating and have already been placed on Rating Watch Negative. Many other CMBS transactions have exposure to defeased collateral (generally Treasury Bills, Notes and STRIPS), and the U.S. government as a tenant through the government's General Services Agency (GSA). However, immediate rating action on those transactions is unlikely at this time.

One single-borrower transaction, WHC-IRS Trust Pass-Through Certificates, has already been placed on Negative Watch. The rating of the transaction is entirely dependent on the rating of the U.S. government. (See Fitch's press release, "Fitch Places WHC-IRS Trust Pass-Through Certificates on Rating Watch Negative", dated Oct. 16, 2013), available at www.fitchratings.com .

In addition, 11 rake bonds in four multi-borrower transactions have also been placed on Negative Watch because the underlying collateral has been defeased and is therefore dependent on the rating of the U.S government. (See Fitch's press release, "Fitch Places 11 Bonds in Four U.S. CMBS Transactions on Rating Watch Negative due to U.S. Rating", dated Oct. 16, 2013).

In the Fitch-rated U.S. CMBS universe, 2.5%, or $10.3 billion, is defeased across 212 transactions. Of the 212 transactions, 31 have concentrations of 20% or more in defeased loans. Sixteen of these are 2004 vintage with the vast majority of loans maturing within the next 12 months. The five transactions mentioned above are the only transactions with bonds that are entirely dependent on defeased collateral.

Many CMBS transactions also have exposure to GSA tenants. While the potential for a government nonpayment of leases continues to exist, the borrowers are ultimately responsible for the payment of debt service. If certain borrowers are unwilling or unable to come out of pocket during the period of time the government does not make lease payments, servicers are required to advance debt service to the extent those advances are recoverable. Servicers receive interest on these advances which may ultimately be a permanent shortfall; however, these are expected to impact the lowest tranches in transaction.

Additional information is available at ' www.fitchratings.com '.

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