

FITCH AFFIRMS SHELLPOINT MORTGAGE SERVICING'S U.S. RMBS SERVICER RATINGS

Fitch Ratings-New York-22 June 2017: Fitch Ratings has affirmed the following U.S. residential mortgage servicer ratings on Shellpoint Mortgage Servicing (Shellpoint), as follows:

- U.S. residential primary servicer rating for Prime product at 'RPS3+'; Outlook Stable.
- U.S. residential special servicer rating at 'RSS3+'; Outlook Stable.

The rating affirmations and Stable Outlook take into account Shellpoint's managed growth, systems and process enhancements, and experienced senior management team. The rating also takes into consideration the financial support and oversight by its parent, New Penn Financial, LLC (New Penn).

Shellpoint has continued to make strategic changes to its servicing operation to support its third-party subservicing and special servicing activities. In addition, Shellpoint implemented private-label servicing and established its first client relationship during the period under review.

Shellpoint continued to expand its government-sponsored enterprise relationships to include additional servicing for GNMA and FNMA on distressed loan portfolios. Furthermore, Shellpoint maintains well-developed business relationships with originators who deliver agency loans under the co-issue flow mortgage servicing rights (MSR) purchase and sale arrangements.

Shellpoint has continued to make enhancements to its telephony and web functionalities. Shellpoint indicated that the changes improved customer self-service functionalities. In addition, the servicer hired a new head of human resources and expanded its prescreening testing process for new recruits.

Shellpoint does not utilize any offshore provider as part of its servicing operation and indicated it has no immediate plans to change this strategy.

Shellpoint maintains two servicing locations. Its primary servicing site is located in Greenville, SC while its Houston, TX office provides additional staffing that covers redundant functions, including but not limited to foreclosure, loss mitigation, default support, investor reporting, and customer service.

Shellpoint's portfolio as of March 31, 2017 totaled approximately 185,000 loans for \$43.3 billion. This is further broken down as follows: 90,246 (government-sponsored enterprises FNMA, FHLMC and GNMA) loans totaling \$18.6 billion, 30,660 non-agency RMBS loans totaling \$7.9 billion and 63,911 third-party serviced loans totaling \$16.7 billion.

Shellpoint is a seasoned, high-touch loan servicer with an 18-year history through its predecessor servicing entity, Resurgent Mortgage Servicing.

Fitch will continue to monitor the performance of Shellpoint's servicing operations as it continues to pursue its growth objectives.

Fitch rates residential mortgage primary, master, and special servicers on a scale of 1 to 5, with 1 being the highest rating. Within some of these rating levels, Fitch further differentiates ratings by plus (+) and minus (-) as well as the flat rating. For more information on Fitch's residential servicer

rating program, please see Fitch's report 'Criteria for Rating U.S. and Canadian Residential and Small Balance Commercial Mortgage Servicers', dated February 2017, which is available on the Fitch Ratings web site at 'www.fitchratings.com'.

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Related Research:

--Criteria for Rating U.S. and Canadian Residential and Small Balance Commercial Mortgage Servicers
--Rating Criteria for Structured Finance Servicers

Additional information is available on www.fitchratings.com

Applicable Criteria

Criteria for Rating U.S. and Canadian Residential and Small Balance Commercial Mortgage Servicers (pub. 23 Feb 2017)

<https://www.fitchratings.com/site/re/894072>

Rating Criteria for Structured Finance Servicers - Effective from 1 July 2016 to 23 February 2017 (pub. 01 Jul 2016)

<https://www.fitchratings.com/site/re/884140>

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