

Shellpoint Mortgage Servicing ABOVE AVERAGE Residential Primary And Special Servicer Rankings Affirmed

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OVERVIEW

- We affirmed our rankings on Shellpoint Mortgage Servicing as a residential primary and special servicer.
- Our rankings reflect our opinion of Shellpoint Mortgage Servicing's experienced management team, solid servicing performance metrics, and continued servicing platform enhancements to support portfolio growth.
- The outlooks for the rankings are stable.

DALLAS (S&P Global Ratings) April 11, 2017--S&P Global Ratings today affirmed its ABOVE AVERAGE rankings on Shellpoint Mortgage Servicing (SMS) as a residential primary and special servicer. The outlooks for the rankings are stable.

Our rankings reflect:

- An experienced and senior management team;
- Low overall turnover for management and staff;
- Management tenure levels in some default areas are lower, which reflect the management team additions, but the new managers have good experience levels;

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- Risk management and control framework includes multiple lines of defense;
- Continued process enhancements, including a process improvement team to proactively evaluate procedures that it considers high-risk;
- Solid servicing performance metrics that are generally consistent with similarly ranked peers;
- Good transition rates from higher to lower delinquency buckets, evidencing effective loss mitigation efforts; and
- Average speed of answer for its call centers is within the industry standard, but it is higher than peers.

Since our prior review, the below changes have occurred (see "Servicer Evaluation: Shellpoint Mortgage Servicing", published Oct. 23, 2015):

- SMS added several managers to key areas, including a new internal audit director, a vice president of human resources, a new director in bankruptcy, and multiple new managers to its foreclosure department.
- The company acquired new space to grow its Houston servicing site.
- The company made enhancements to complaint management in an effort to improve the borrower experience and resolve complaints faster. Complaint handling was also transitioned to the compliance department.
- A compliance quality assurance team was established in late 2015.
- Several website design enhancements were made.
- The company developed a new bankruptcy management module within its servicing system.
- SMS implemented a customer satisfaction survey.
- SMS added the ability for supervisors and employees to have real-time access to call monitoring scores.

OUTLOOK

The outlooks for both rankings are stable as SMS continues to invest in its servicing platform to support its portfolio growth strategies. The company plans to continue to grow its prime and special servicing books. In our view, its continued technology investments and process improvements provide the efficiency gains and scalable processes to support the growth. These factors, in addition to investments in staff, support our belief that SMS will remain a competitive residential mortgage primary servicer and special servicer. We will continue to monitor the growth strategy over the next 12 months to ensure it continues to reflect a satisfactory level of performance.

The financial position is SUFFICIENT.

RELATED CRITERIA

- Criteria - Structured Finance - Servicer Evaluations: Revised Criteria For Including RMBS, CMBS, And ABS Servicers On Standard & Poor's Select

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Servicer List, April 16, 2009

- Criteria - Structured Finance - Servicer Evaluations: Servicer Evaluation Ranking Criteria: U.S., Sept. 21, 2004

RELATED RESEARCH

- Select Servicer List, Feb. 17, 2017
- Servicer Evaluation: Shellpoint Mortgage Servicing, Oct. 23, 2015

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