

Assessment Announcement: Moody's Affirms Shellpoint's Servicer Quality (SQ) Assessments

26 Apr 2022

U.S. Residential Mortgage Servicer Assessment Action

New York, April 26, 2022 -- Moody's Investors Service has affirmed the servicer quality (SQ) assessments for Shellpoint Mortgage Servicing (Shellpoint, or the company), d/b/a of Newrez LLC (Newrez), at SQ2- as a prime and special servicer of residential mortgage loans.

As of October 31, 2021, Shellpoint's servicing portfolio totaled \$318.1 billion in unpaid principal balance, which is an increase from our prior review. The company's servicing operation is headquartered in Greenville, South Carolina with three additional sites in Texas, Arizona, and Florida.

ASSESSMENT RATIONALE

We view Shellpoint's collection abilities as above average. The company's collection roll rate performance and call center metrics were above average compared to peers. Shellpoint uses a diverse range of methods to reach its borrowers, including telephone, letter, email, text and secure chat. The company has dedicated portfolio management and analytics teams for performance monitoring. Since our prior review, the company enhanced its website with additional borrower self-service features, implemented a new telephony system and enhanced its work-from-home protocols.

We view Shellpoint's loss mitigation abilities as above average. Shellpoint utilizes a comprehensive proprietary system for evaluating loss mitigation options, tracking documents and monitoring workout timelines. The company created personalized educational videos to assist borrowers impacted by COVID-19 and implemented homeowner outreach video technology. In addition, the company automated the deferment plan decisioning and document processing.

We view Shellpoint's foreclosure and REO timeline abilities as above average. Shellpoint enhanced their attorney network scorecard including real-time analytics. In addition, Shellpoint enhanced its foreclosure attorney monitoring to include capacity planning for increases in foreclosure volume.

We assess the company's loan administration capabilities as above average. This assessment is based on above average payment processing, loan boarding and document management practices. The company's investor reporting area has experienced staff and robust technology including the recent implementation of SBO2000 system. During the review, the company automated custodial bank account reconciliations and successfully implemented COVID-19 related processing and reporting.

We view Shellpoint's servicing stability as average. The stability assessment incorporates New Residential Investment Corp.'s corporate family rating of B1. Shellpoint has an experienced senior management team and continues to invest in technology. The mortgage servicing industry continues to be subject to a high level of regulatory scrutiny that may affect the company's operations.

The framework used in this analysis was "Servicer Quality Assessments for Servicers of Residential Mortgages" published in February 2022 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBS_1305703 . Alternatively, please see the Framework list at https://www.moodys.com/research/List-of-NCRA-Frameworks--PBC_1178235 for a copy of this framework.

Please see www.moodys.com for any updates on changes to the lead analyst and to the Moody's legal entity that has issued the rating.

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