

ASSESSMENT

17 June 2020

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Shellpoint Mortgage Servicing - Servicer

Shellpoint Servicer Quality Report

Assessments

On April 23, 2020, we affirmed the servicer assessments for Shellpoint Mortgage Servicing (Shellpoint) at SQ3+ as a primary servicer of prime residential mortgage loans and as a special servicer.

Servicer Assessments

Primary Servicer of Prime Residential Mortgage Loans	Affirmed at SQ3+
Special Servicer of Residential Mortgage Loans	Affirmed at SQ3+

Related Ratings

New Residential Investment Corp.'s (Corporate Family rating)	B1
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Summary Opinion

The prime and special servicer assessments are based on above average collection abilities, average loss mitigation results, above average foreclosure and timeline management, above average loan administration and below average servicing stability.

Servicer Strengths

- » Maintained performance while managing a large servicing transfer. During the review, the company successfully on-boarded approximately 700,000 loans from Ditech Holdings Corporation (Ditech).
- » Senior management team has 20 plus years of industry experience.
- » Special servicing expertise, including private-label capability.
- » Focuses on automation through technology and process improvements to manage its growing portfolio.

Servicer Challenges

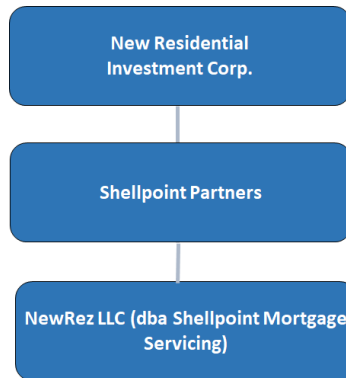
- » Parent, New Residential Investment Corporation's (New Residential) corporate family rating was downgraded to B1 from Ba3 during the review period.
- » Changes in protocols due to the COVID-19 pandemic.

Servicer Description

Shellpoint Partners was founded in 2010. The company acquired New Penn Financial, an originator of agency and non-agency mortgage loans, in June 2011. It then acquired Resurgent Mortgage Servicing (renamed Shellpoint Mortgage Servicing) in 2014. For purposes of licensing and accounting, Shellpoint Mortgage Servicing was set up as a separately managed "dba" of New Penn Financial. In July 2018, Shellpoint Partners was acquired by New Residential Investment Corporation. In January 2019, New Penn Financial rebranded itself as NewRez LLC.

Exhibit 1

Corporate Organization



Source: Moody's Investors Service, based on data and information from Shellpoint

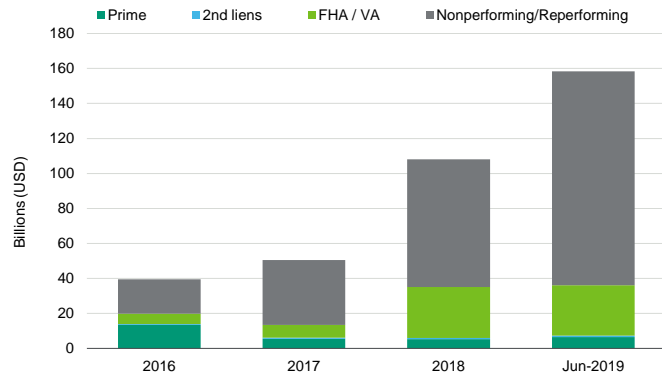
This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

Servicing Portfolio

Exhibit 2, Shellpoint's servicing portfolio was 713,755 loans (excluding REO) with an unpaid principal balance of approximately \$158.6 billion. In addition, the company on boarded approximately 700,000 loans from Ditech during the review. This reflects continued growth for the servicing portfolio from prior review. The company sub-services over 150 legacy RMBS transactions.

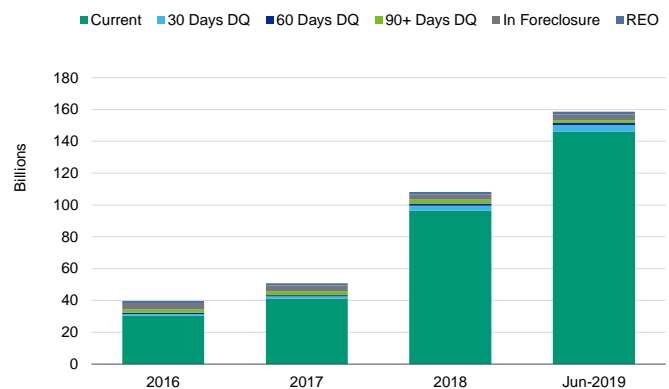
Since our prior review, Shellpoint has separated its portfolio between conforming loans servicing for its parent (New Residential) and delinquent loan servicing and third-party clients. The company services a bifurcated portfolio consisting of a flow of newly originated loans from NewRez and distressed portfolios from third-party clients. The company's strategy is to continue to grow its portfolio by increasing its volume of both performing and special servicing loans.

Exhibit 2
Servicing Portfolio
By Product Type



Source: Moody's Investors Service, based on data from Shellpoint

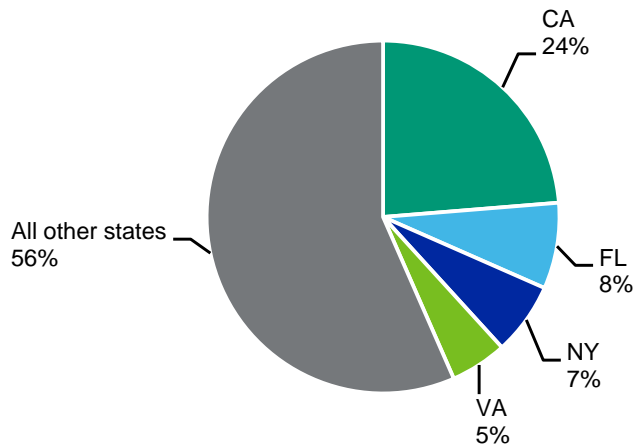
Exhibit 3
Servicing Portfolio
By Delinquency



Source: Moody's Investors Service, based on data from Shellpoint

The servicing portfolio's highest geographic concentration is in California (24%), Florida (8%), New York (7%) and Virginia (5%); no other state exceeds 5% by unpaid principal balance, as shown in the Exhibit below.

Exhibit 4
Servicing Portfolio
Geographic Distribution by Unpaid Principal Balance



Source: Moody's Investors Service, based on data from Shellpoint

Detailed Assessment

Overview

We view Shellpoint's collection abilities as above average. During the review, the company improved its collection performance metrics. The company uses a comprehensive, proprietary behavior scoring model that assigns a risk score to every loan prior to boarding. In addition, the company has dedicated portfolio management and analytics teams for performance monitoring.

We view Shellpoint's loss mitigation abilities as average. The company's loss mitigation website portal streamlines the application process for borrowers by providing the ability to upload documents. The website also includes status updates and payment tracking. The volume of modifications increased and performance improved compared to our prior review. For borrowers affected by COVID-19, available options are based on regulatory and investor guidelines similar to prior disaster events, including forbearance, repayment plan, reinstatement, deferral and modification.

We view Shellpoint's foreclosure and REO timeline abilities as above average. Timeline performance metrics were above average compared to peers. The company uses LoanSphere to communicate and track foreclosure milestones as well as a proprietary scorecard to monitor attorney performance.

We view the company's loan administration function to be above average. This component assessment is based on solid loan boarding and document management practices. The company successfully implemented Freddie Mac's investor reporting initiative during the review period.

We view Shellpoint's servicing stability as below average. The stability assessment incorporates New Residential Investment Corp.'s (New Residential) corporate family rating, which was downgraded to B1 from Ba3, on April 6, 2020.

Key Assessment Factors

Component	Assessment	Drivers
Loan Administration	Above Average	<ul style="list-style-type: none"> » Completed large servicing transfer from Ditech. » Solid loan boarding practices. » 86% of portfolio is escrowed.
Collections	Above Average	<ul style="list-style-type: none"> » Collection roll rate metrics were above average compared to peers. » Uses a proprietary behavioral scoring model. » Uses multiple communication channels with borrowers including voice, e-mail, text and website.
Loss Mitigation	Average	<ul style="list-style-type: none"> » Robust loss mitigation web portal including ability for borrowers to upload documents and track application status. » Independent audits of all loss mitigation decisions. » Single point of contact model with low number of cases per agent.
Foreclosure & REO TimeLine Management	Above Average	<ul style="list-style-type: none"> » Foreclosure timelines improved compared to prior review. » Comprehensive REO management processes, including an experienced property valuation team. » Solid foreclosure referral processes with independent reviews.
Servicing Stability	Below Average	<ul style="list-style-type: none"> » Parent New Residential Investment Corp corporate family rating is B1. » Continues to enhance its internal control culture and oversight processes during review period. » No USAP or Regulation AB findings in 2019.

Loan Administration

Opinion

We view Shellpoint's loan administration abilities as above average. We noted improved payment processing during the review period with implementation of mobile application and electronic payment reminder notices. Third party clients have access to real-time data via investor portal.

Updates

- » 86% of the portfolio is escrowed.
- » New mobile application.
- » Text and e-mail payment reminder notifications.
- » Enhanced loan boarding technology with "RAIL" loan transfer tool.
- » Investor portal includes real-time loan level data and reporting.

Payment Processing

- » Cash management group uses Servicing Director's customer service module to update and review payment history, notes, payment amounts and related information.
- » Fifth Third website is used for scanning customer payments, correspondence, and stubs for making deposits and for viewing scanned documents. Fifth Third is also Shellpoint's lockbox provider.
- » Payment-processing team operates in a secure, limited-access area with camera surveillance throughout.
- » Approximately 32% of monthly payments are received via ACH (auto debit), which is similar to other servicers we assess.
- » Uses text and e-mail payment reminders.

Loan Boarding

- » Receives a preliminary loan tape 30 days before each loan transfer.
- » Uses proprietary "RAIL" transfer tool for transfers.
- » Completed multiple transfers from over 100 servicers/originators and clients.
- » Runs all loans through a skip-tracing waterfall to gather contact information for hard-to-reach borrowers before loading data onto its system.

Document Management

- » Conducts reviews to ensure all necessary documents are loaded onto the system within three days of transfer. All missing documents are identified within 30 days of transfer.
- » Imaged correspondence with borrowers is available on agent desktops.

Investor Reporting and Bank Reconciliation

- » Investor reporting group is located in Greenville.
- » Uses CashBook technology for daily bank reconciliations.
- » Clearing accounts are reconciled daily and custodial accounts monthly.
- » Proprietary "Insight" investor portal provides complete portfolio information and analysis to third-party clients.

Tax and Insurance

Insurance	Outsources the tracking of hazard insurance and the force-placement of insurance to Proctor Financial Inc. (PFI).
Forced-Place Insurance Process	PFI sends out three letters and makes up to three attempts to contact the agent or insurance carrier when the insurance expires.
Taxes	Outsources tax contract services to CoreLogic, which provides tax delinquency reports for non-escrowed loans. CoreLogic provides general research, delinquency reporting and tax payments on behalf of Shellpoint.
Vendor Management	Monitors tax and insurance vendors through onsite visits, weekly calibration calls, exception reports and monthly report cards.

Customer Service**Opinion**

The company's has solid customer service technology infrastructure including proprietary website, call scheduling, language translation and speech analytics. The company's borrower complaint tracking system, Voice of the Customer (VOC), and correspondence database enable Shellpoint to analyze trends and resolve borrower issues on a timely basis.

Updates

- » Implemented ability for customers to schedule a call back.
- » Redesigned website including live chat.
- » Enhanced private label servicing capabilities.

Organizational Structure

Structure	Customer service agents are divided into two tiers, which: (1) handle basic customer service inquiries, and (2) handle written correspondence, qualified written requests and escalated calls.
Accounts Handled	The customer service call center handles inbound calls from borrowers who are fewer than 30 days delinquent.
Account Allocation	The call center handles general customer inquiries, and calls can be routed based on agent skill levels.
Hours of Operation	Monday through Friday, 8 a.m.-10 p.m. (EST) and Saturday 8 a.m.-3 p.m. (EST).

Customer Service Strategies

- » Call center operations are in Greenville and Houston.
- » Collectors who work on outbound call campaigns also handle the overflow of inbound customer service calls.
- » Customer service agents can transfer calls directly to the loss mitigation team.
- » VOC system enables the company to track and analyze trends.

Phone and Web Interface

The customer service group handles the majority of customer calls through its automated self-service system, which includes the IVR, its speech application, and its website.

IVR Functionality

- | | |
|--------------------------------|---|
| » Retrieve account information | » Obtain escrow information |
| » Make payments | » Available in both English and Spanish |

Website Functionality

» Retrieve account information	» View escrow information
» Make payments	» Live chat
» Download loss mitigation forms and upload completed forms	» Identify missing documents and upload completed loss mitigation package
» Get status of loss mitigation workout	» Set up and edit ACH information
» View and download statements and tax forms	

Performance Management

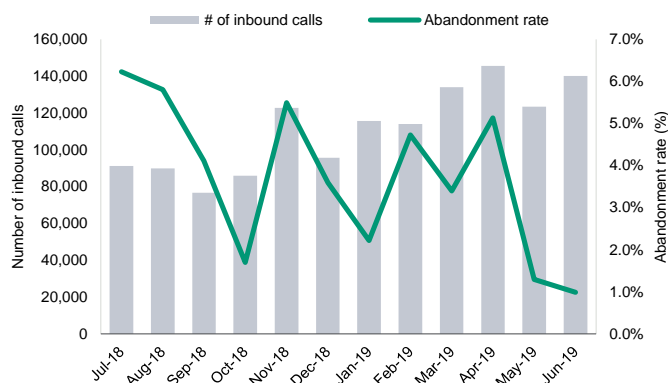
Call Monitoring	Ten calls per agent per month are monitored by dedicated quality assurance specialist.
Call Recording	Records 100% of inbound and outbound customer service calls.
Agent Oversight	Agents are monitored via monthly scorecards based on both quality and efficiency.
Incentive Compensation	Call center agents receive monthly incentive compensation for meeting both individual and team goals.

Customer Service Call Center Metrics

Exhibits 5 and 6 display the customer service call center performance for Shellpoint from July 2018 through June 2019, when the customer service call center had an average call abandonment rate of 3.7% and an average speed of answer of 55 seconds.

Exhibit 5

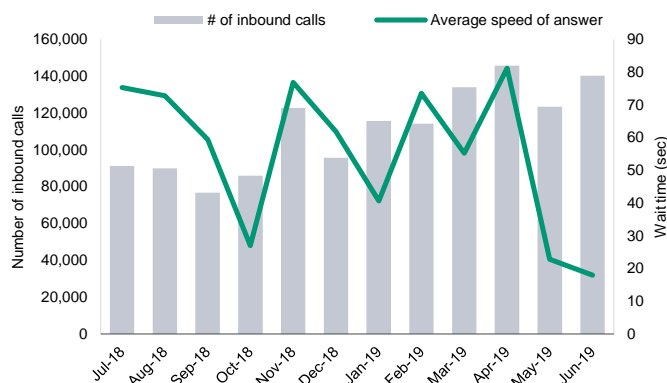
Customer Service Call Center Metrics
Abandonment Rate



Source: Moody's Investors Service, based on data from Shellpoint

Exhibit 6

Customer Service Call Center Metrics
Average Speed of Answer



Source: Moody's Investors Service, based on data from Shellpoint

Collection Management

Opinion

We assess the company's collection abilities as above average. Collection roll rate performance improved for both prime and special serviced loans compared to prior review. The company uses a comprehensive proprietary behavioral scoring model.

Updates

- » Has dedicated portfolio management and analytics teams.
- » Implemented new dialer system.

Collection Performance Metrics

Exhibit 7 shows roll-rate analyses over a 12-month period.

Shellpoint demonstrated above average roll-rate performance for both prime and special-serviced loans relative to peers.

Exhibit 7

Collection Management Static Pool Performance*

Status on Start Date	Current	30 Days		60 Days	
		Worse	Better	Worse	Better
Prime*	1.6%	68.4%	15.5%	59.6%	27.2%
Special	11.6%	45.6%	27.5%	52.7%	26.8%

*The prime metrics are based on loans serviced for Freddie Mac and Fannie Mae.

Source: Moody's Investors Service, based on loan-level data from Shellpoint

Organizational Structure

Structure	Collectors handle outbound customer contact and inbound calls on accounts 1-2 payments past due. Collection staff are based in Greenville and Houston.
Account Allocation	Collectors are divided by early-stage (1-30 days past due) and late-stage (31-plus days past due) delinquency.
Hours of Operation	Monday through Friday, 8 a.m.-10 p.m. (EST) and Saturday 8 a.m.-3 p.m. (EST).

Collection Strategies

Collections Environment	Agents handle either inbound or outbound calls.
Outbound Contact	Calls are prioritized using a proprietary customer scoring model based on past payment behavior.
Inbound Contact	Inbound calls are routed based on agents' skill levels and the loan's delinquency.
Collections Timeline	Outbound collection call campaigns begin as early as the third day of delinquency.
Tools	<ul style="list-style-type: none"> » Predictive auto dialer mixes campaigns and targets calling times to maximize customer contact. » Behavior scoring model used for calling campaigns. » Voicance translation solution
Options for Borrowers	Collectors can offer three-month repayment plans to borrowers with short-term delinquencies. If collectors cannot reach a short-term resolution, they refer borrowers to loss mitigation associates.

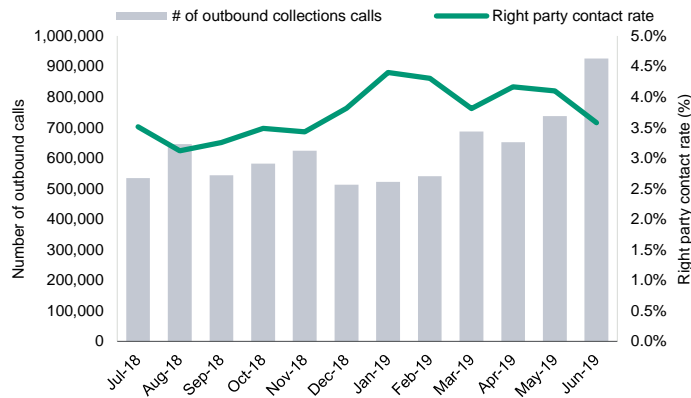
Performance Management

Call Monitoring	Dedicated quality assurance specialist monitors ten calls per agent monthly.
Call Recording	Records all inbound and outbound collection calls.
Agent Oversight	Uses monthly performance scorecard to monitor Collectors.
Incentive Compensation	Collectors receive monthly incentive compensation for meeting both individual and team goals, including the outcome of calls and the payment received.

Collection Call Metrics

Exhibit 8 shows outbound collection activity for the collections department from July 2018 through June 2019. During that period, the right-party contact rate was 3.8%, which is above average results compared to peers.

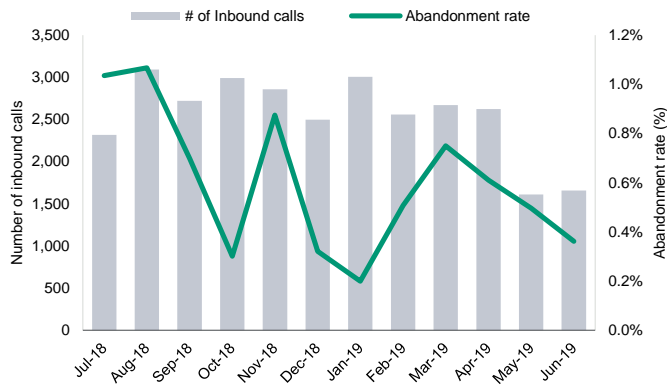
Exhibit 8
Outbound Collection Activity



Source: Moody's Investors Service, based on data from Shellpoint

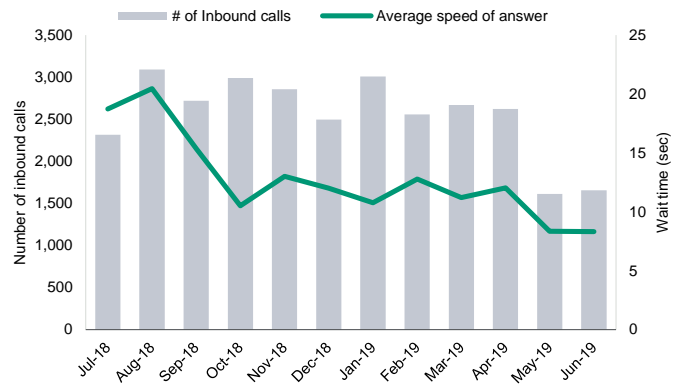
Exhibits 9 and 10 show the collections call center's performance from July 2018 through June 2019, where the center had an average call abandonment rate of 0.6% and an average speed of answer of 12.8 seconds, an improvement from our last review where the center had an average speed of answer of 17.3 seconds.

Exhibit 9
Inbound Collection Activity
Abandonment Rate



Source: Moody's Investors Service, based on data from Shellpoint

Exhibit 10
Inbound Collection Activity
Average Speed of Answer



Source: Moody's Investors Service, based on data from Shellpoint

Loss Mitigation

Opinion

We assigned an average component assessment to the company's loss mitigation abilities for both prime and special-serviced loans. Shellpoint assigns a single point of contact (SPOC) to all borrowers, which facilitates the loss mitigation processes. Shellpoint has a low caseload per SPOC analyst. The company uses a comprehensive, proprietary loss mitigation system.

Updates

- » Enhanced loss mitigation portal, simplifying the process for borrowers to apply for assistance, upload documents, view status updates, and track trial plans.
- » Ability to pre-qualify a borrower online for workout, based on application and investor guidelines.

Loss Mitigation Performance Metrics

Curing and re-performing loans that are seriously delinquent are metrics used to evaluate a servicer's performance.

Exhibit 11

Loss Mitigation Static Pool Performance

Status as of 30 June 2019 of Loans that were 90-plus Delinquent

	Total cure [1]	Cash flowing [2]	Modification Performing [3]
Prime*	21.3%	31.2%	62.2%
Special	13.0%	12.8%	52.4%

*The prime metrics are based on loans serviced for Freddie Mac and Fannie Mae.

[1] Includes current and paid in full

[2] Includes minor delinquency, repayment plans and modifications

[3] The metric measures the performance of loans that the servicer modified within the year prior to the start of the analysis period.

Source: Moody's Investors Service, based on data from Shellpoint

Organization Structure

Structure	The loss mitigation group consists of three teams: Frontline, Negotiating and Fulfillment. Each team works on different stages of loss mitigation: <ol style="list-style-type: none"> The Frontline team conducts outbound calls for late-stage collections at 61 days delinquent or imminent default. The team orders door knocks, performs skip tracing, and handles notifications and outbound calls. The Negotiation team, comprised of single points of contact (SPOCs), evaluates loss mitigation options for borrowers, based on investor requirements and programs. The Fulfillment team underwrites, books modifications, reviews denied modifications and completes client settlements. Also, the team conducts pre-foreclosure and pre-sale reviews to determine if all loss mitigation efforts were exhausted.
Account Allocation	Loans enter the loss mitigation group at 61 days past due or earlier if imminent default is projected. Shellpoint assigns a SPOC to all accounts at the time of loan transfer/activation, but that SPOC does not become active until the account goes delinquent or expresses imminent default. The SPOC remains the borrower's sole point of contact through the foreclosure process. The loss mitigation specialist also is the borrower's sole point of contact throughout the foreclosure process.
Hours of Operation	8:00 a.m. to 9:00 p.m. (EST) Monday to Friday, and 8:00 a.m. to 1:00 p.m. (EST) Saturday.

Loss Mitigation Strategies

- » Online loss mitigation portal for homeowners including application, document upload ability, status updates and payment tracking with ability to pay online.
- » Delinquent borrowers receive loss mitigation solicitations on the 31st and 61st days of delinquency.
- » Uses door knock service to deliver key documents and connect with the borrower to speak with their SPOC.
- » Uses proprietary Loss Mitigation System (LMS) to evaluate borrowers for relief options based on investor guidelines.

Loss Mitigation Strategies - COVID-19

- » Operations have various means to answer borrower inquiries for assistance including call center, IVR (interactive voice response), email, text, and website communication.
- » Uses call-back procedures to address high call center volume.
- » Provides online form for borrower forbearance request.
- » Uses borrower surveys to better understand hardship reason and potential resolution options.
- » After the forbearance period, loss mitigation options are based on regulatory and investor guidelines (similar to other disaster events), including: repayment plan, reinstatement, deferral and modification.
- » Provides online loss mitigation portal for homeowners to monitor forbearance period.

Loss Mitigation Options

Loss Mitigation Alternative	Type	Features
Modification	Proprietary, Investor	Offers various modification options; including investor and proprietary modification options.
Short Sale	Proprietary, Investor	Short sales are based on investor guidelines. A short sale is when the servicer accepts a payoff from the borrower at a discount off of the full loan balance.
Repayment Plan	Proprietary, Investor	A repayment plan is when the borrower pays additional funds each month to bring the arrearages up to date.
Deed-in-Lieu of Foreclosure	Proprietary, Investor	The company actively pursues deeds-in-lieu.

Source: Moody's Investors Service, based on information from Shellpoint

Performance Management

The incentive compensation program for loss mitigation associates is based on individual achievements.

Enforcement: Foreclosure, Bankruptcy, and REO Timeline Management**Opinion**

We view Shellpoint's foreclosure and REO timeline management abilities as above average for prime and special servicing loans. Technology includes Servicing Director and LPS desktop. The company uses a variety of tools to handle workflow, monitor timelines, and communicate with attorneys and REO agents.

Updates

- » Uses proprietary scorecard to measure attorney performance.
- » Reviews foreclosure cases active and on hold at least every 14 days.
- » Maintains dedicated quality assurance team to review foreclosure sale bid amounts.

Foreclosure and REO Timeline Performance Metrics

One of the ways we evaluate a servicer's performance is through execution of default timelines on a state-weighted basis. The company's timeline results were above average for the review period.

Exhibit 12

Average Foreclosure-REO Timeline Information*

Foreclosure Referral**	Prime	Special
Average days from next payment to foreclosure referral	198	275
Foreclosure Referral to Sheriff Sale		
Average days from foreclosure referral to sheriff's sale (excluding Freddie Mac timeline)	26	199
Real Estate Owned (REO)		
Average days a property is REO (excluding redemption)	296	322

* The prime foreclosure metrics are based on loans serviced for Freddie Mac and Fannie Mae. T

** For transferred-in loans, the foreclosure referral timeline is measured from the time the loan was boarded to Shellpoint.

*** With a large portfolio of GSE loans, the company conveys a significant portion of its REO properties to investors.

Source: Moody's Investors Service, based on loan-level data from Shellpoint.

Organizational Structure and Key Processes

Structure	<ul style="list-style-type: none"> » Foreclosure and bankruptcy department is based in Greenville and Houston. » Foreclosure group is split by investor, state and attorney firms. » REO group is separated into pre-marketing, marketing and closing functions. » The bankruptcy group is split into three teams: 1) Claims team to file proofs of claim; 2) Servicing team to track key milestones; and 3) Legal team to handle motions for relief and all other litigation.
Pre-foreclosure Review	<ul style="list-style-type: none"> » Members of loss mitigation fulfillment team conduct a manual loan review before foreclosure filing, with a second review conducted by the default support team.
Account Allocation	<ul style="list-style-type: none"> » Accounts are assigned to individual specialists based on investor and location.
Attorney and Broker Communication	<ul style="list-style-type: none"> » Uses Black Knight's LoanSphere, a rules-based automated system, to communicate with attorneys and track its progress throughout the foreclosure process; and a combination of LoanSphere, Servicing Director, and a proprietary system as its default management system. » The company uses Equator and Pyramid solutions to manage REO properties.
Attorney Management	<ul style="list-style-type: none"> » The company monitors its approximately 240 attorney firms every month using proprietary scorecards and monthly calls. The attorney network manager together with Shellpoint's external audit department are responsible for attorney oversight.

Foreclosure

- » Assigns loans to timeline managers when the loan is referred to foreclosure.
- » Refers loans to foreclosure at approximately the 120th day of delinquency.
- » Completes two independent pre-referral reviews before a loan is referred to an attorney for foreclosure filing.
- » Loss mitigation and foreclosure managers meet regularly to discuss any loans in foreclosure that have pending approval or have been approved for loss mitigation plans.
- » Post-foreclosure review team performs quality control checks.
- » Staff includes attorneys and paralegals, which is positive.

Bankruptcy

- » Completes bankruptcy management in-house, including preparing and filing claims.
- » Monitors for new bankruptcy filings using Lexis Nexis.
- » Uses a comprehensive, proprietary bankruptcy case repository to track and manage borrowers who have previously filed for bankruptcy.

REO

- » Managed in-house with overflow handled by two REO asset management companies.
- » REO manager maintains broker's and appraiser's license.
- » Offers cash-for-keys to avoid lengthy eviction process.
- » Conducts two independent valuations of each property, with a third valuation ordered if the difference between the initial two valuations is greater than 20%.

Servicing Stability

Opinion

We assign a below average component assessment to the company's servicing stability. The stability assessment incorporates New Residential Investment Corp.'s (New Residential) corporate family rating, which was downgraded to B1 from Ba3, on April 6, 2020.

Updates

- » Formed two servicing divisions, one for conforming loan servicing and the second for third-party clients and delinquent loan servicing.
- » Uses the proprietary "SPAR" tool for risk assessment and improving processes.
- » Established new operations site in Tempe AZ, which was part of Ditech acquisition.
- » Added QC call monitoring that includes speech-to-text conversion capability.
- » Implemented business continuity plan due to COVID-19 pandemic.

Financial Stability

In July 2018, New Residential Investment Corp. finished acquiring Shellpoint Partners LLC and all of its business units, including Shellpoint Mortgage Servicing. In July 2019, New Residential acquired certain assets from Ditech Holding Corporation, including about \$63 billion in MSR and the rights to Ditech's office in Tempe AZ. New Residential assigned the servicing to Shellpoint, and Shellpoint successfully on-boarded approximately 700,000 loans from Ditech.

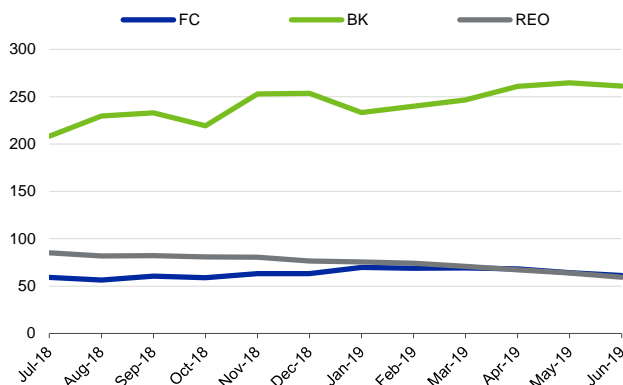
Management, Staffing, and Training

Shellpoint had 1,328 associates dedicated to servicing during the review. Shellpoint continues to add depth to its management as it grows its portfolio and servicing operations. Members of senior management average seven years of experience with Shellpoint and more than 20 years of industry experience. The HIVE is an online learning management tool used for delivering online training and storing training data. During the review, the company continued its Tools Required for Advancement Into Leadership (TRAIL) training program, which is a two-year rotational leadership program.

Exhibit 13 shows the average number of loans-per-full-time-equivalent ratio based on loans that became delinquent from July 2018 through June 2019. Shellpoint's staffing ratios were mostly steady in the past 12 months.

Exhibit 13

Shellpoint Staffing Ratios by Delinquency Stage



Source: Moody's Investors Service, based on data from Shellpoint

Legal, Compliance, and Oversight

Quality assurance, quality control and compliance teams are part of the operations control and improvement group, while internal audit has a separate reporting structure.

Internal Audit

- » Risk-based audits are conducted at least annually for high-risk areas.
- » The audit group reviews results of quality control reviews and adjusts its audits accordingly.
- » Internal audit reports to New Residential board of directors.
- » Uses the TENA mortgage audit system.

Compliance

- » Staff of approximately 100, based in both Greenville, SC & Houston, TX.
- » Quality assurance team resides with compliance group.
- » Uses AllRegs as an alert system for regulatory changes.
- » Had no material instances of non-compliance in its Regulation AB attestation for 2019.
- » Change Management protocols include tracking, reporting, process updating and implementing controls.

Quality Control

- » Performs monthly process audits to ensure compliance with Shellpoint policies and procedures as well as regulatory requirements; also conducts daily, monthly and quarterly workflow audits.
- » Performs independent call monitoring using call miner reviews including speech-to-text conversion and call tone quality.
- » Monitors remediation plans and their effectiveness before closing open issues.
- » Holds monthly meetings with executive management to review audit results and remediation efforts.

Legal

- » Is not currently involved in any material litigation.
- » Litigation and compliance teams report to Shellpoint's president, as well as its corporate parent's legal department.
- » Staff of 30 is based in Greenville, SC.

Technology and Disaster Recovery

- » IT department in both Greenville, SC and Houston, TX.
- » Primary data center is in Greenville, SC; back-up data center is in Katy, TX.
- » Implemented new telephony system.
- » Conducts third-party system penetration tests annually.
- » Maintains back-up generators and UPS batteries at its data center locations.
- » Successfully conducted its most recent disaster recovery test in August 2019.

Business Continuity Plan - COVID-19

- » Majority of servicing employees are currently working remotely. Remote capabilities enable staff to access critical systems and key servicing information. Critical functions such as customer service, investor reporting, cash management and borrower interaction all can be done remotely.

- » Excess capacity to manage day-to-day business operations through multiple operations.
- » Technology can support large remote work force.
- » Implemented procedures to protect client/borrower information.
- » Cybersecurity program in place to protect systems.

Key Systems and Applications

Application	Function	Source
Finastra Servicing Director	Loan servicing platform	Vendor
LoanSphere/Servicing Director/ proprietary system	Default management system	Vendor/ Proprietary
LMS	Loss mitigation workflow and decisioning tool	Proprietary
Avaya	Telephone management system (IVR)	Vendor
OnBase	Document management system	Vendor
Insight	Investor web portal	Proprietary
LPS Desktop	Default tracking and communication	Vendor
Equator	REO management system	Vendor

Appendix: Moody's Assessment Definition for Servicers and Assessment Scale

Servicer Quality "SQ" assessments are opinions on the relative strength of servicers in preventing defaults and maximizing recoveries for the loans they service. This methodology describes our approach to assigning SQ assessments for the following four categories of residential mortgage loan servicers:

- » Primary servicers: servicers who interact directly with borrowers
- » Master servicers: servicers who oversee and manage primary servicers in Residential Mortgage-Backed Securities (RMBS) transactions
- » Government-sponsored reverse mortgage servicers
- » Private reverse mortgage servicers

Each SQ assessment is specific to a particular servicing role, which we define by reference to (i) the applicable category above, (ii) whether it constitutes special servicing, and (iii) for primary servicers, the type of mortgage loan. So a single servicer may have more than one SQ assessment.

SQ assessments range from SQ1 (Strong) to SQ5 (Weak) and signify the strength of servicers relative to other servicers performing the same servicing role in the same country. We may add a modifier of "+" or "-" on any assessment to further differentiate servicers within the relevant assessment level.

SQ assessments address the impact of servicers on the performance of the loans they service, not the absolute credit quality of the loans.

Moody's Related Research

For a more detailed explanation of Moody's approach to this type of transaction as well as similar transactions please refer to the following reports:

Assessment Framework:

» [Servicer Quality Assessments for Servicers of Residential Mortgages, December 2019 \(1122183\)](#)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

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