

ASSESSMENT

10 October 2018

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Shellpoint Mortgage Servicing - Servicer

Shellpoint Servicer Quality Report

Assessments

On June 21, 2018, we affirmed Shellpoint Mortgage Servicing (Shellpoint) 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

None

Assessment publication date: June 21, 2018

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

The following three factors were the strongest features of this servicer:

- » Maintains excess staffing capacity for loan acquisitions (see Detailed Assessment - Management, Staffing and Training)
- » Has a senior management team with, on average, more than 18 years of industry experience, providing a solid base of knowledge and leadership for the company. (see Detailed Assessment - Stability)
- » Focuses on automation through technology and process improvements (see Detailed Assessment - Technology and Disaster Recovery)

Servicer Challenges

The following factor was the weakest feature of this servicer:

- » On November 29, 2017, New Residential Investment Corp. announced it entered into a definitive agreement to acquire Shellpoint Partners LLC, including the servicing operation. The transaction closed July 3, 2018. Although New Residential does not have a servicing operation and we believe the acquisition is positive for Shellpoint, there is still uncertainty of operational changes post acquisition in Moody's opinion. (see Detailed Assessment - Servicing Stability)

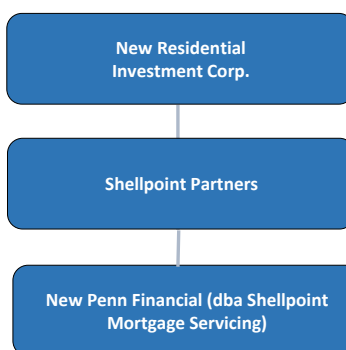
Servicer Description

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 to service its mortgage servicing rights, loans from New Penn Financial, and third-party re-performing and non-performing loans. Together, these entities form a vertically integrated, residential mortgage banking platform. Since its inception, Shellpoint Mortgage Servicing has transitioned from a captive, special servicer to a third-party special servicer focused on managing residential mortgages for institutional investor clients.

On July 3, 2018, New Residential Investment Corp. announced that it had closed the previously announced acquisition of Shellpoint Partners LLC, a vertically integrated mortgage platform with established origination and servicing capabilities. The acquisition comprises all outstanding equity interests of Shellpoint and all companies within the Shellpoint family, including New Penn Financial, Shellpoint Mortgage Servicing, Avenue 365, and eStreet (an appraisal management company).

Exhibit 1

Corporate Organization



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

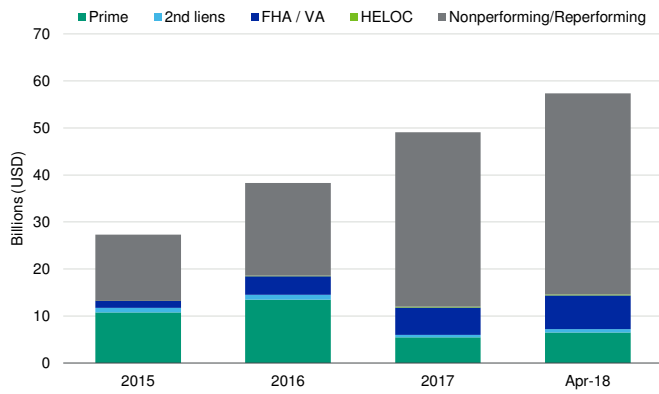
Servicing Portfolio

As of April 2018, Shellpoint's servicing portfolio contained 233,033 loans (excluding REO) with an unpaid principal balance of approximately \$57.8 billion. This reflects continued growth for the servicing portfolio from \$39.6 billion at the end of 2016.

Shellpoint services a variety of products, including conforming first-lien mortgages, super-jumbo mortgages, non-conforming first and second-lien mortgages and both open and closed home equity lines of credit (HELOCs). The company services a bifurcated portfolio consisting of a flow of newly-originated loans from New Penn 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.

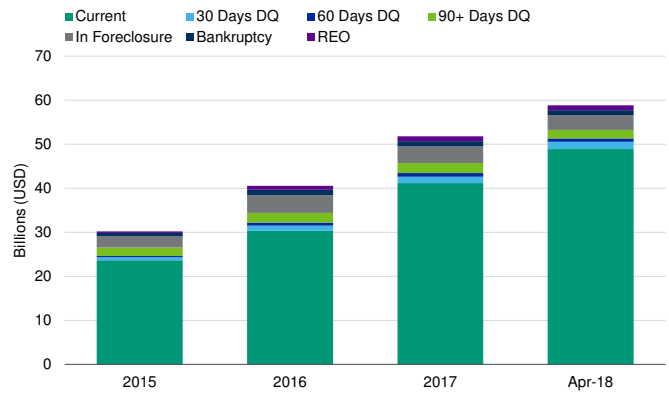
This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody.com for the most updated credit rating action information and rating history.

Exhibit 2
Servicing Portfolio
 By Product Type



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

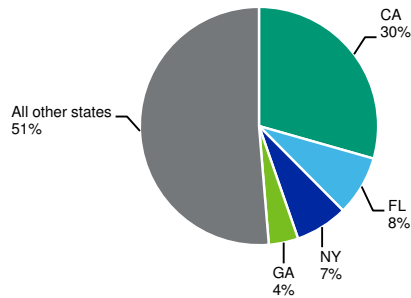
Exhibit 3
Servicing Portfolio
 By Delinquency



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

The servicing portfolio's highest geographic concentration is in California (30%), Florida (8%), New York (7%) and Georgia (4%); no other state exceeds 4% 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 prime and special servicer collection abilities as above average. The company improved its collection performance metrics during the review period and enhanced its private-label servicing capabilities with a new website. Shellpoint's call center metrics were above average for the review period.

We view Shellpoint's loss mitigation abilities as average. Shellpoint implemented a new loss mitigation portal to streamline the modification review process. The company's loss mitigation metrics are average when compared with peers.

We view Shellpoint's foreclosure and REO timeline abilities as above average. The company's foreclosure timeline performance was above average compared to peers. Shellpoint has comprehensive REO management processes, including an experienced property valuation team.

We assess Shellpoint's loan administration abilities as above average. The component assessment is based on solid loan boarding and document management practices.

We view Shellpoint's servicing stability as below average. The stability assessment incorporates Shellpoint's experienced management team and technology infrastructure, which is balanced by the company's former private ownership structure. We believe the acquisition of Shellpoint by New Residential Investment Corp. is positive for Shellpoint.

Key Assessment Factors

Component	Assessment	Driver
Loan Administration	Above Average	<ul style="list-style-type: none"> » Maintains adequate loan boarding practices. » Enhanced bank reconciliation processes.
Collections	Above Average	<ul style="list-style-type: none"> » Continued policy of not earning a commission for force-placed insurance. » Collection roll rate metrics were above average compared to peers. » Uses a proprietary behavioral scoring model. » Call center metrics were above average for customer service and collection calls.
Loss Mitigation	Average	<ul style="list-style-type: none"> » Reported increased level of modifications. » Independent audits of all loss mitigation decisions. » Loss Mitigation performance metrics were average.
Foreclosure & REO Timeline Management	Above Average	<ul style="list-style-type: none"> » Foreclosure timelines improved compared to prior review. » Monitors REO real estate agents via monthly scorecard.
Servicing Stability	Below Average	<ul style="list-style-type: none"> » Solid foreclosure referral processes with independent reviews. » Was acquired by New Residential Investment Corp in July 2018. » Continues to enhance its internal control culture and oversight processes during review period.

Loan Administration

OPINION

We view Shellpoint's loan administration abilities as above average. The company's use of document imaging facilitates document retrieval, verification and dispute resolution, and allows agents to respond more quickly to customer inquiries. Shellpoint does not earn a commission for forced-place insurance, nor does it pay lower fees to its insurance vendor for force-placed insurance-related services.

UPDATES

- » Enhanced bank reconciliation process with "CashBook" technology, which compares system data to bank data feeds.

PAYMENT PROCESSING

- » Cash management uses Servicing Director's Customer Service module to update and review payment history, notes, payment amounts and related information. The Fifth Third website is used for scanning customer payments, correspondence, and stubs for making deposits and for viewing scanned documents. Additionally, Fifth Third is also Shellpoint's lockbox provider and has the ability to run a wide variety of reports, including deposit and payment summaries as well as charge-back and adjustment reports.
- » The payment-processing team operates in a secure, limited-access area with camera surveillance throughout.
- » The company uses a fire-safe cabinet to store checks overnight, and physical checks never leave the cashiering area.

LOAN BOARDING

- » Shellpoint receives a preliminary loan tape 30 days prior to each loan transfer.
- » The company runs all loans through a skip-tracing waterfall to gather contact information for hard-to-reach borrowers prior to loading the data onto its system.

DOCUMENT MANAGEMENT

- » The company conducts reviews to ensure it has all necessary documents for transferred-in loans, which are loaded onto the system within three days of transfer. All missing documents are identified within 30 days of transfer.
- » Shellpoint images its correspondence with borrowers and makes all imaged documents available on agent desktops.

INVESTOR REPORTING AND BANK RECONCILIATION

- » Shellpoint has a comprehensive investor-reporting web portal for its clients.
- » The company uses CashBook technology for daily bank reconciliations.
- » Shellpoint reconciles its clearing accounts daily and custodial accounts monthly, with a vendor performing a portion of the reconciliations.
- » The company does not transfer aged, unreconciled bank items to a general ledger suspense account.
- » Funds due to Shellpoint become eligible for write-off at 180 days, or earlier if management deems the funds uncollectible.

TAX AND INSURANCE

Insurance	Shellpoint outsources the tracking of hazard insurance and the force-placement of insurance to Proctor Financial Inc. (PFI), while handling inbound calls from borrowers regarding insurance in-house.
Forced-Place Insurance Process	The forced-placed letter cycle is 60 days; PFI sends out three letters and makes up to three attempts to contact the agent or insurance carrier when the insurance expires.
Taxes	The company outsources tax contract services to CoreLogic, which provides tax delinquency reports for non-escrowed loans. It conducts the appropriation of tax amounts for escrowed loans, as well as customer-initiated tax-related research and the handling of borrower calls regarding taxes, in-house.
Vendor Management	Shellpoint monitors its tax and insurance vendors through onsite visits, weekly calibration calls, exception reports and monthly report cards.

Customer Service

OPINION

The company's call center metrics were above average for the review period. Shellpoint's use of an independent call monitoring group provides the call center with an objective assessment of agents' performance. The company's borrower complaint tracking system, Voice of the Customer (VOC), enables Shellpoint to analyze trends and resolve borrower issues timely.

UPDATES

- » Enhanced its private-label servicing capabilities with new website and Interactive Voice Recognition (IVR) system.

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. The company uses some part-time associates in the customer service group.
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 agents' skill levels.
Hours of Operation	Monday to Thursday 8:00 a.m.-12:00 a.m. (EST), Friday 8:00 a.m.-10:00 p.m. (EST) and Saturday 8:00 a.m.-3:00 p.m. (EST) and the last Sunday of the month (4:00 p.m.-9:00 p.m. (EST).

CUSTOMER SERVICE STRATEGIES

- » 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.
- » Shellpoint's complaint tracking system (VOC) 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 | » View 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 |

PERFORMANCE MANAGEMENT

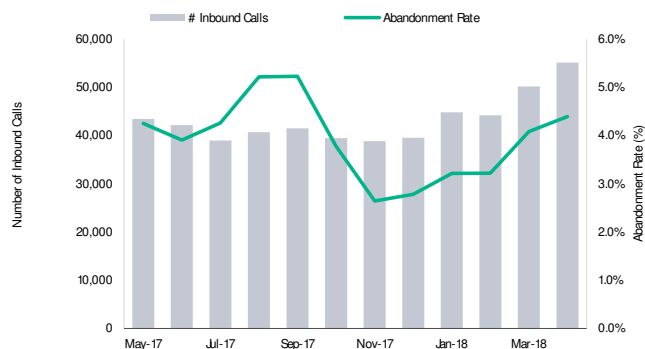
Call Monitoring	Ten calls per agent per month by dedicated quality assurance specialist.
Call Recording	Records 100% of inbound and outbound customer service calls.
Agent Oversight	Agents are monitored via monthly scorecards based on both quality and efficiency.
Incentive Compensation	Call center agents receive monthly incentive compensation for meeting both individual and team goals, including the number of calls handled per hour, the outcome of those calls, and the agents' call monitoring scores.

CUSTOMER SERVICE CALL CENTER METRICS

Exhibits 5 and 6 display the customer service call center performance for Shellpoint from May 2017 through April 2018, when the customer service call center had an average call abandonment rate of 3.9% and an average speed of answer of 62 seconds.

Exhibit 5

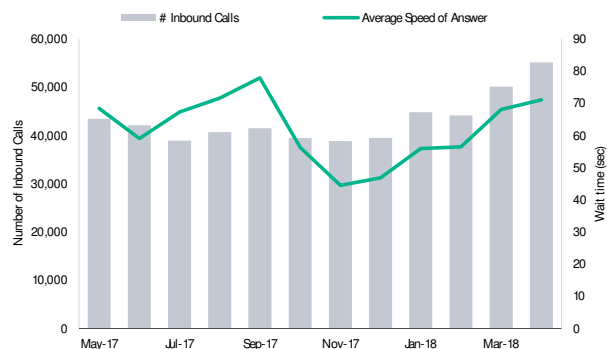
Customer Service Call Center Metrics Abandonment Rate



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. Call monitoring is performed by an independent team to ensure quality service over the phones. Shellpoint's extended hours of operation increase the likelihood of reaching delinquent borrowers and have a positive impact on the right-party contact rate.

UPDATES

» Increased collection staff compared to prior review.

COLLECTION PERFORMANCE METRICS

Exhibit 7 shows roll-rate analyses over a 12-month period. We classified the loans at the outset of a 12-month static pool in three delinquency categories: current to 29 days delinquent, 30 days delinquent and 60 days delinquent. We then measured the delinquency status of these loans at the end of the static pool period.

Shellpoint demonstrated above average roll-rate performance for both prime loans 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*	1.92%	47.75%	13.71%	33.03%	13.89%
Special	6.12%	40.08%	15.34%	28.50%	16.58%

*These metrics are based on loans serviced for Freddie Mac and Fannie Mae, as well as a smaller number of prime loans in private RMBS securitizations or owned by private investors, the servicer or the parent company.

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

Organizational Structure

Structure	Shellpoint's collectors operate in teams dedicated to receiving inbound calls and making outbound calls. 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	8:00 a.m. to midnight Monday to Thursday (EST), 8:00 a.m. to 3:00 p.m. (EST) on Saturday and 4:00 p.m. to 9:00 p.m. (EST) the last Sunday of each month.

Collection Strategies

Collections Environment	Agents are dedicated to handling 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. Shellpoint orders the first property inspections at 45 days past due, followed by additional collection calls and letters. If determined necessary by the collector, skip tracing is performed for no-contact borrowers as additional methods are employed to locate the borrower.
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.
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

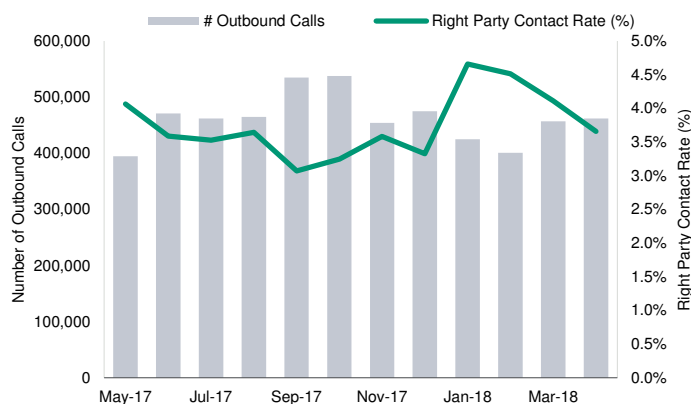
Call Monitoring	A dedicated quality assurance specialist monitors ten calls per agent monthly.
Call Recording	Shellpoint records all of its inbound and outbound collection calls.
Agent Oversight	The company scores individual collectors through a monthly performance scorecard.
Incentive Compensation	Collectors receive monthly incentive compensation for meeting both individual and team goals, including the outcome of calls and the payment received.

COLLECTION CALL METRICS

Our assessment of a servicer's collections performance takes into account both the static pool analysis and the performance of the call center. Exhibit 8 shows outbound collection activity for the collections department from May 2017 through April 2018. During that period, the right-party contact rate was 3.7%, which is similar compared to prior review.

Exhibit 8

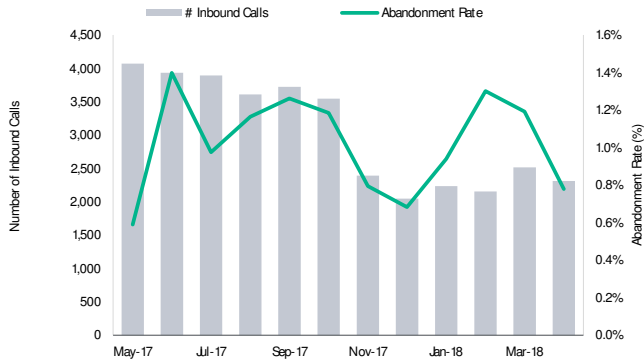
Outbound Collection Activity



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

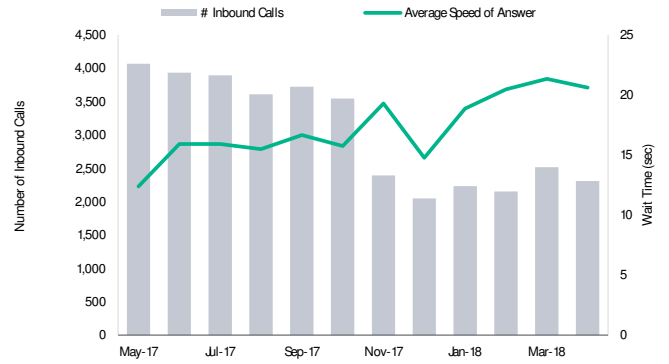
Exhibits 9 and 10 show the collections call center's performance from May 2017 through April 2018, where the center had an average call abandonment rate of 1.0% and an average speed of answer of 17.3 seconds, an improvement from our last review where the center had an average speed of answer of 20 seconds.

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. The company continues to invest in technology, such as a loss mitigation portal to improve loss mitigation decision timelines. Shellpoint assigns a single point of contact to all borrowers, which facilitates the collections and loss mitigation processes.

UPDATES

- » Implemented e-signature technology to streamline modification process.
- » Implemented new online loss mitigation portal, simplifying the process for borrowers to apply for assistance, upload documents, view status updates, and track trial plans.

LOSS MITIGATION PERFORMANCE METRICS

Curing and re-performing loans that are seriously delinquent are some of the metrics we use to evaluate a servicer's performance. Shellpoint's loss mitigation performance was average compared to peers.

Exhibit 11

Loss Mitigation Static Pool Performance

Status as of 30 April 2018 of loans that were 90-plus delinquent

	Total Cure [1]	Cash Flowing [2]	In Limbo [3]	Loss Mitigation [4]	Loss with no Loss Mitigation [5]
Prime*	12.99%	30.94%	30.52%	8.88%	16.67%
Special	15.57%	34.07%	28.37%	8.51%	13.50%

* These metrics are based on loans serviced for Freddie Mac and Fannie Mae, as well as a smaller number of prime loans in private RMBS securitizations or owned by private investors, the servicer or the parent company.

[1] Includes current and paid in full

[2] Includes minor delinquency, repayment plans and modifications

[3] Includes 90-plus delinquency and foreclosure

[4] Includes third-party sale, short sale/short pay off and deed-in-lieu

[5] Includes REO sold from foreclosure, in REO from foreclosure and charge-offs

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

ORGANIZATION STRUCTURE

Structure	The loss mitigation group consists of three teams working on different stages of loss mitigation: <ol style="list-style-type: none"> 1. The prospecting team conducts outbound calls for late-stage collections, orders door knocks, performs skip tracing, and solicits loss mitigation workouts. 2. The negotiation team, comprised of single points of contact (SPOCs), evaluates loss mitigation options for borrowers, follows up with borrowers on missing documents, and runs the net present value (NPV) model to determine the optimal alternative. 3. The company conducts pre-foreclosure reviews and determines loss mitigation activities for loans transferred in while in the loss mitigation process.
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 company targets a 160-180 loans per SPOC ratio. 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

- » Two associates review borrowers' financials in underwriting modifications, including comparing the financials to credit reports.
- » The company reviews all modification denials to ensure that the borrowers do not qualify for a modification.

- » Shellpoint works with attorneys of borrowers in bankruptcy on potential loss mitigation alternatives once contacted by them, but do not actively solicit.
- » The company sends solicitations for loss mitigation to delinquent borrowers on the 31st and 61st days of delinquency.
- » If the company has been unable to contact the delinquent borrower by phone, it uses a door knock service. Shellpoint also uses this service to deliver key documents and connect with the borrower to speak with their SPOC.
- » The company reaches a solution for the borrower based on an investor-approved workout hierarchy, through its proprietary Loss Mitigation System (LMS).
- » The loss mitigation fulfillment department conducts a pre-sale review at the 60th day of delinquency to ensure that Shellpoint has all the necessary information and documentation, and has taken all required actions before referring loans to foreclosure.

LOSS MITIGATION OPTIONS

Loss Mitigation Alternative	Type	Features
Modification	Proprietary, Investor	The company offers various modification options; including investor and proprietary modification options, which may be streamlined, and may include principal forbearance or principal forgiveness.
Short sale	Proprietary, Investor	Shellpoint conducts a short sale when it accepts a payoff from the borrower at a discount to the full loan balance.
Repayment plans	Proprietary, Investor	A repayment plan is one in which 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 the company's loss mitigation associates is based on individual achievements. For prospectors, factors in the incentive compensation program include warm transfers to SPOC, the number of repayment plans, and quality assurance scores. For negotiators, factors include their decisions on loss mitigation alternatives and completion, as well as for completion of the trial plans for modifications. Monthly incentives for the negotiating team are now based on specific portfolio goals and are a more meaningful component of annual compensation.

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. We view as positive the company's use of monthly scorecards to monitor the effectiveness of attorneys. The company uses a variety of tools to handle workflow, monitor timelines, and communicate with attorney's and REO agents.

UPDATES

- » Enhanced attorney network scorecard.
- » Initiated new post-foreclosure sale team.
- » Enhanced REO management scorecard with both quantitative and qualitative metrics.

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 13

Average Foreclosure-REO Timeline Information*

Foreclosure Referral**	Prime	Special
Average Days from Next Payment to Foreclosure Referral	177	456
Foreclosure Referral to Sheriff Sale		
Average Days from Foreclosure Referral to Sheriff's Sale (excluding Freddie Mac timeline)	-114	190
Real Estate Owned (REO)		
Average Days a Property is REO (excluding redemption)	229	296

* The foreclosure metrics are based on loans serviced for Freddie Mac and Fannie Mae, as well as a smaller number of prime loans in private RMBS securitizations or owned by private investors, the servicer or the parent company. The REO metrics are based on prime loans in private RMBS securitizations or owned by private investor, the servicer or the parent company.

** 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"> » The foreclosure and bankruptcy department is based in Greenville and Houston. » The foreclosure group is split by investor, state and attorney firm. » The REO group is separated into the 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	» Members of the loss mitigation fulfillment team conduct a manual review of the loan before foreclosure filing, with a second review conducted by the default support team.
Account Allocation	» Accounts are assigned to individual specialists based on investor and location.
Attorney and Broker Communication	» Shellpoint 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, an REO management system, to handle REO properties.
Attorney Management	» The company monitors its approximately 240 attorney firms every month using proprietary scorecards in the LPS Desktop system. The attorney network manager together with Shellpoint's external audit department are responsible for vendor oversight of the attorneys.

Foreclosure

- » Shellpoint assigns loans to timeline managers at the time of the loan's referral to foreclosure.
- » The company's policy is to refer loans to foreclosure at approximately the 120th day of delinquency.

- » A loan undergoes two independent, pre-referral reviews prior to being 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.
- » A post-foreclosure review team performs quality control checks.

Bankruptcy

- » Shellpoint conducts its bankruptcy management in-house, including preparing and filing claims.
- » The company conducts nightly scrubs of its servicing portfolio for new bankruptcy filings.
- » Shellpoint uses a comprehensive, proprietary bankruptcy case repository to track and manage borrowers who have previously filed for bankruptcy.
- » The foreclosure team receives automated alerts when a new bankruptcy is filed so that they can place foreclosure of the loan on hold.

REO

- » REO managed in-house with overflow handled by two REO asset management companies.
- » REO manager maintains broker's and appraiser's license.
- » Offer cash-for-keys to avoid lengthy eviction process.
- » The company 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 Shellpoint's experienced management team and technology infrastructure, which is balanced by the company's former private ownership structure.

UPDATES

- » On November 29, 2017, New Residential Investment Corp. announced it entered into a definitive agreement to acquire Shellpoint Partners LLC, including the servicing operation. The transaction closed July 3, 2018. We believe the acquisition is positive for Shellpoint.
- » Shellpoint's servicing portfolio and staff increased compared to prior review.
- » Turnover ratio improved compared to prior review.

FINANCIAL STABILITY

On July 3, 2018— New Residential Investment Corp. announced that it has closed the previously announced acquisition of Shellpoint Partners LLC ("Shellpoint"), a vertically integrated mortgage platform with established origination and servicing capabilities. The acquisition comprises all outstanding equity interests of Shellpoint and all companies within the Shellpoint family, including New Penn Financial, Shellpoint Mortgage Servicing, Avenue 365, and eStreet an (appraisal management company).

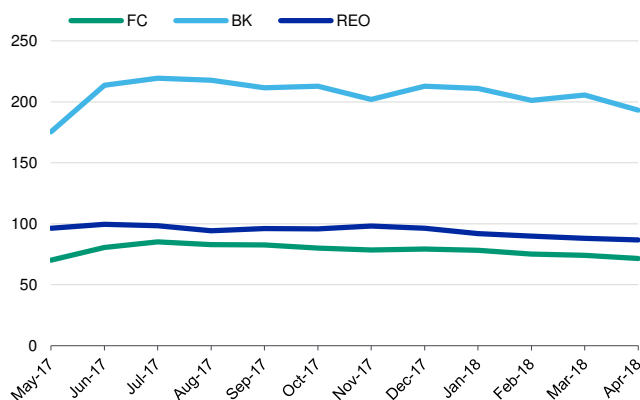
MANAGEMENT, STAFFING AND TRAINING

As of April 30, 2018. Shellpoint had 874 associates dedicated to servicing. Shellpoint continues to add depth to its management as it grows its portfolio and servicing operations. Members of senior management average six years of experience with Shellpoint and more than 18 years of industry experience.

Exhibit 14 shows the average number of loans per full-time-equivalent ratio based on loans that became delinquent from April 2017 through May 2018. Shellpoint's staffing ratios were mostly steady in the past 12 months. Shellpoint tries to maintain 10-20% excess staff capacity to be able to take on an unexpected portfolio of loans should the need arise.

Exhibit 14

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.

COMPLIANCE

- » Compliance and legal teams have dual reporting lines to the servicer's CEO, and to the corporate parent's senior vice president/general counsel.
- » Shellpoint uses AllRegs as an alert system for regulatory changes.
- » Shellpoint Mortgage Servicing had no material instances of non-compliance in its Regulation AB attestation for 2017.

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.
- » Monitors remediation plans and their effectiveness prior to closing open issues.
- » Holds monthly meetings with executive management to review audit results and remediation efforts.

LEGAL

- » Shellpoint is not currently involved in any material litigation.
- » Litigation and compliance team report to Shellpoint's president and to its corporate parent's legal department.

TECHNOLOGY AND DISASTER RECOVERY

- » Primary data center is in Greenville, South Carolina and the back-up data center is located in Katy, Texas.
- » Implemented new telephony system.
- » Third-party system penetration tests conducted annually.
- » Shellpoint maintains back-up generators and UPS batteries at its data center locations.
- » The company successfully conducted its most recent disaster recovery test in August 2017.

Key Systems and Applications

Application	Function	Source
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	Vendor
LPS Desktop	Default tracking and communication	Vendor
Equator	REO management system	Vendor

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

Moody's Servicer Quality (SQ) assessments are opinions of the ability of a servicer to effectively prevent or mitigate losses in a securitization. SQ assessments are provided for servicers that act as primary servicer (servicing the assets from beginning to end), special servicers (servicing only the more delinquent assets) or master servicers (overseeing the performance and reporting from all underlying servicers). For primary servicers, the assessment will apply only to the asset type(s) identified in the Servicer Quality Opinion.

A Moody's SQ assessment represents Moody's assessment of a servicer's ability to affect losses based on the factors under its control. The SQ approach works by separating a servicer's performance from the credit quality of the assets being serviced. This is accomplished by measuring actual performance against expected results, based on the credit quality of the portfolio being serviced.

The servicing measures evaluate how effective a servicer is at either preventing defaults in the first place or maximizing the recoveries to a transaction when defaults do occur.

The SQ assessment also takes into account the operational and financial stability of a servicer, as well as its ability to respond to changing market conditions. This assessment is based on the company's organizational structure and management characteristics, financial profile, operational controls and procedures, and strategic goals.

Moody's SQ assessments are different from traditional debt ratings, which are opinions about the credit quality of a specific instrument. SQ assessments do not apply to a company's ability to repay a fixed financial obligation or satisfy contractual financial obligations other than, in limited circumstances, the obligation to advance on delinquent assets it services, when such amounts are believed to be recoverable.

SQ Assessments Defined

SQ1 *Strong* combined servicing ability and servicing stability

SQ2 *Above average* combined servicing ability and servicing stability

SQ3 *Average* combined servicing ability and servicing stability

SQ4 *Below average* combined servicing ability and servicing stability

SQ5 *Weak* combined servicing ability and servicing stability

Where appropriate, a "+" or "-" modifier will be appended to the SQ2, SQ3, and SQ4 assessment and a "-" modifier will be appended to the SQ1 assessment. A "+" modifier indicates the servicer ranks in the higher end of the designated assessment. A "-" modifier indicates the servicer ranks in the lower end of the designated assessment.

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 Methodology:

- » Servicing Quality Assessments for Servicers of Residential Mortgages, May 2017 (1067227)

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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