Shellpoint Mortgage Servicing

Ratings

RMBS Primary Servicer — Prime[a]	RPS2
RMBS Special Servicer[b]	RSS2

[a]Last rating action: Affirmed on Feb. 25, 2022.
[b]Last rating action: Affirmed on Feb. 25, 2022.

Rating Outlook[a]

Stable

Applicable Criteria

Criteria for Rating Loan Servicers (February 2020)

Related Research

Fitch U.S. RMBS Servicer Metric Report (April 2022)

Sources of Information

This report is based on information provided to Fitch as of Oct. 31, 2021, unless stated otherwise.

Key Rating Drivers

Post-Pandemic Readiness: Shellpoint Mortgage Servicing (Shellpoint, or the company), is a d/b/a of Newrez LLC (Newrez). During the pandemic timeframe, Shellpoint introduced over 200 coronavirus-related change management projects. Shellpoint enacted numerous self-service technology enhancements to provide coronavirus assistance to borrowers. Shellpoint has implemented more than 200 technology enhancements to its performing and default administration since Fitch Ratings' last review, including an enhanced exception reporting dashboard. Additional enhancements are under way to accommodate an expected increase in default management volume in the months ahead as forbearance plans expire.

Effective Technology Environment: The primary loan servicing system is Finastra's servicing director. Shellpoint holds a license to the source code to the system and, as such, it has the ability to consistently develops system enhancements based on market-driven events, client requirements, regulatory events, internal management and performance needs. The company utilizes both proprietary and commercially available ancillary systems to support various servicing processes, including a best-in-class proprietary data warehouse that provides internal data-reporting capabilities. The company continues to invest in technology enhancements that improve the homeowner experience and expand self-service options while minimizing human error and maximizing cost efficiencies.

Comprehensive Enterprisewide Compliance Management System: Shellpoint employs a multichannel compliance management system that includes quality control (QC), internal audit and vendor management, as well as change and litigation management. A review of Shellpoint's internal audit reports yielded satisfactory results. Vendor management protocols include an initial due diligence and approval process, ongoing multilevel performance monitoring, scoring and annual recertification. The company's Regulation AB (Reg AB) report issued in March 2021 indicated full compliance with the specified requirements. An SSAE (Statement on Standards for Attestation Engagements) 16 SOC (System and Organization Controls) 1 Type 2 report is provided annually by a third-party auditing firm, with no exceptions found in the most recent report.

Satisfactory Loan Administration Performance Metrics: Overall, loan servicing performance is competitive with industry averages. Payment processing, loan accounting and investor reporting metrics are effective. Default administration metrics in account collections and loss mitigation metrics show yoy improvement and call-center metrics have returned to pre-pandemic levels.

Financial Condition: Fitch does not publicly rate the credit and financial strength of Shellpoint or its parent, New Residential Investment Corp. However, Fitch's Financial Institutions group reviewed the company's financial statements to provide an internal assessment, the outcome of which is incorporated into Fitch's overall evaluation of the servicer.

Servicer Considerations

Positive:

- Shellpoint has extensive management tenure in performing and nonperforming servicing.
- Competitive servicer performance metrics and strong technology environment.
- Continued improvement in collection and loss-mitigation performance metrics since Fitch's last review.

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Negative:

- Performance stresses could arise in 2022 as borrowers exit forbearance plans and require workout assistance or proceed to default.

Servicer Overview

Shellpoint was established in 1998 as a high-touch servicer specializing in distressed loans. Shellpoint operates from its primary servicing location in Greenville, SC, with core servicing offices in; Houston, TX, Tempe, AZ, and Jacksonville, FL Shellpoint also services a large number of loans for New Residential Investment Corp. (New Residential), the New York City-based REIT that acquired all Shellpoint assets in 2018. In 2021, Shane Ross was promoted to president of Shellpoint and Jack Navarro, former president, now serves as vice chairman.

The Newrez Family of Companies, f/k/a Shellpoint Partners, is a group of companies comprised of Newrez LLC (f/k/a New Penn Financial, LLC, a national mortgage lender specializing in the residential real estate market), Avenue 365 (a 45-state provider of title services to the real estate and mortgage industry) and E-Street Appraisal Management Company, which oversees and manages a network of certified and licensed appraisers in 49 states.

Shellpoint has grown substantially through organic loan origination activity and acquisitions. In September 2019, New Residential acquired a significant amount of Ditech's servicing-related assets from bankruptcy court and the deal closed on Oct. 1, 2019. In addition to 700,000 loans and more than 500 employees, New Residential also acquired Ditech's servicing site in Tempe, AZ.

In August 2021, New Residential acquired Caliber Home Loans (Caliber). Caliber is headquartered in Coppell, TX, with additional sites in Oklahoma City, OK, and San Diego, CA. As of January 2021, Caliber was rated 'RPS2−'as a Residential Prime and Subprime Servicer, and 'RSS2−' as a Residential Special Servicer. Both servicer ratings were assigned a Negative Rating Outlook. As of Dec. 31, 2021, Caliber's loan servicing portfolio consists of 664,418 loans totaling $167.4 billion. Caliber services loans on a different servicing platform than Shellpoint and leadership has represented that the Caliber platform will continue to operate independently on its own vendor-provided servicing technology.

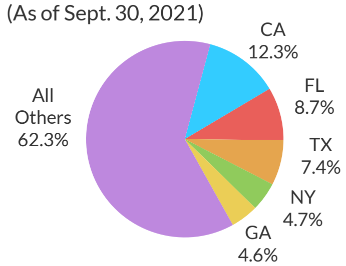
Newrez is licensed to originate in 49 states, with servicing licenses in 50 states and the District of Columbia, Guam, Puerto Rico and the U.S. Virgin Islands. The company offers conventional, government and portfolio loan programs through three different channels: call center, retail and wholesale. Newrez-originated loans are servicing-retained, with the vast majority of production onboarded and serviced by Shellpoint. Shellpoint will continue to grow via organic loan origination growth but will consider opportunistic loan servicing acquisitions on a case-by-case basis.

Shellpoint does not presently have an Environmental, Social and Governance policy or committee at this time. However, the company has recently centralized its Corporate Social Responsibility (CSR) capability and introduced a dedicated head of CSR and CSR team. An ESG Materiality Map has been presented to the executive team, which will be reviewed and updated on a semi-annual basis.

Shellpoint employs 2,238 full-time equivalent employees in its servicing organization along with 64 temporary and/or contract employees in 2021. Shellpoint has over 20 years of experience servicing residential loans including 20 years servicing non-agency RMBS transactions. Company leadership has more than 15 years of industry experience and senior managers have more than six years of company tenure. In the past 24 months, the total portfolio ($ UPB) has increased by more than $127 billion. Shellpoint has more than 50 servicing clients, including key RPL and NPL portfolio investors.

Shellpoint is a designated Fannie Mae and Freddie Mac special servicer and anticipates that this relationship will contribute to continue business growth. As of Dec. 31, 2021, Shellpoint was servicing a portfolio of 1.7 million loans with an unpaid principal balance (UPB) of $319 billion and was the fifth largest nonbank loan servicer. Shellpoint is currently subservicing more than 150 legacy RMBS transactions. The company's third-party special servicing portfolio consists of more than 347,000 loans totaling $83.4 billion in UPB and the third-party prime servicing portfolio consists of 8,044 loans totaling $4.1 billion. Management represents that there was no subservicing client turnover in 2021 due to performance issues. Employee turnover within the organization is about 30%, which is acceptable compared to market averages and there has been no senior management turnover.

Total Servicing Portfolio Distribution by State
(As of Sept. 30, 2021)



Note: Numbers may not add to 100% due to rounding.
Source: Shellpoint Mortgage Servicing.

Portfolio Summary

(As of Sept., 30, 2021)	Amount ($)	% of Market[a]	No. of Loans	% of Market[a]
Non-Agency Loans	31,006,096,543	6.47	138,761	5.14
Agency Loans	238,155,149,838	4.07	1,319,816	4.51
Owned Portfolio	4,589,002,918	0.55	14,941	0.55
Third-Party Servicing	39,279,656,656	18.58	203,690	20.11
Other (Not Included in Above Categories)	0	0.00	0	0.00
Total Servicing Portfolio	**313,029,905,956**	**4.07**	**1,677,208**	**4.58**

[a]Market share based on latest available data supplied by Fitch-rated servicers.
Source: Shellpoint Mortgage Servicing.

Significant Changes

- Telephony system upgrade to Ring Central;
- Workforce Management Team handles schedule forecasting;
- Enhanced IVR with personalized messaging and streamlined routing;
- Implementation of website capabilities that provide immediate responses to common questions;
- Enhanced self-service functionality on homeowner website;
- Moved into new office space in Houston, with a large footprint offering room for expansion; and
- Integrated its servicing platform with Salesforce, providing Customer Service Representatives and homeowners with a better contact-center experience.

Rating Drivers

Post-Pandemic Readiness

In March 2020, management activated the company's business continuity plan, which transitioned 95% of Shellpoint employees to a remote working environment with no degradation of services. Since Fitch's last review, the majority of staff continue to work remotely and there is no specific return-to-office plan announced yet. About 25% of Shellpoint's current staff were hired as remote workers and the company anticipates that some of them will remain remote in the long term. Coronavirus health and safety protocols were activated to reduce risk for onsite staff. Other protocols include:

- Enhanced vendor oversight via monthly due diligence surveys and weekly performance tracking.
- Frequent senior management meetings to evaluate performance metrics, address challenges and prioritize needed resources.
- Monthly deal-level reviews with clients to discuss impacted loans and strategies regarding borrower relief.
- Creation of a remote workforce playbook and performance dashboards to support managers in remote coaching, training and performance management duties.
- Incorporated specific coronavirus-related testing into call monitoring, forbearance setup and overall process review.

Shellpoint has made the following pandemic-related technology enhancements:

- Implemented essential pandemic-related loan-level reporting.
- Introduced significant website enhancements, including pandemic-related self-service options.

- Enhanced the loss mitigation system for improved borrower assistance processing.

Like many servicers during the initial pandemic timeframe, inbound calls from borrowers significantly increased as borrower relief programs were introduced. Shellpoint's call center metrics peaked in March of 2020 and improved in subsequent months. As of 3Q21, call center metrics have returned to pre-pandemic levels. Similarly, borrowers requesting forbearance plans peaked in 3Q20 and declined in subsequent quarters. As expected, some borrowers exiting forbearance plans have opted for loan modifications, which have increased quarter-over-quarter in the past 12 months. The 60+ day delinquency of the entire Shellpoint portfolio improved from 2Q21 to 3Q21 while non-agency 60+ day delinquencies saw an increase. Shellpoint experienced a decline in its workforce from 2Q21 to 3Q21 of 20%.

During the pandemic timeframe, Shellpoint introduced over 200 coronavirus-related change management projects. The company enacted numerous self-service technology enhancements to provide coronavirus assistance to borrowers, including forbearance setup, extension requests and post-forbearance solutions. Some post-forbearance workouts can be approved instantly online.

As homeowners exit forbearance plans, management represents that they have built out a projection schedule of potential foreclosure referrals in each quarter of 2022. Management represented that they expected a 12%–15% increase of contested foreclosures and an increase of homeowner bankruptcies. Shellpoint has implemented more than 200 technology enhancements to default administration since Fitch's last review, including an enhanced exception reporting dashboard. Management continuously reviews and assesses its attorney vendor network to ensure financial viability and ability to handle caseload volumes. Shellpoint management has expressed confidence that resources are sufficient to handle an increase in default management volume. Additional technology enhancements and capacity planning are underway to support an uptick in loan default and bankruptcy volume.

Highly Integrated Technology Environment

The primary loan servicing system is Finastra's servicing director. Shellpoint holds a license to the source code for servicing director and, as such, it has the ability to, and consistently executes the development of system enhancements based on market-driven events, client requirements, regulatory changes, and internal management and performance needs. The company also utilizes ancillary systems to support various servicing processes. A proprietary data warehouse provides internal data reporting capabilities. In addition, Shellpoint has a fully curated data environment for effective reporting, analytics and the ability to execute on initiatives leveraging artificial intelligence.

The company uses the BKFS LoanSphere foreclosure and bankruptcy modules for case tracking, reporting and vendor invoicing. Fitch acknowledges that a large loan servicing transfer of a large size can present data integrity issues and have a negative impact on service levels. While Shellpoint management has indicated their intent to continue to have Caliber run on its own servicing technology, if that decision changes, Shellpoint has significant experience mapping loan transfers from the Mortgage Servicing Platform (MSP) system utilizing servicing director's import tool, which can aid in the loan onboarding process, as recently proven with the acquisition of a large quantity of loans from Ditech.

LMS, the company's proprietary, best-in-class loss mitigation technology, is pre-programmed with more than 100 investor workout waterfalls, tracks homeowner documents, monitors loan workout milestones and is fully integrated with SMDU (Servicing Management Default Underwriter) and integration with Freddie Mac's Resolve is currently in process.

Shellpoint uses CallMiner Eureka, a technology that provides speech-to-text conversion. This system generates transcripts and automated scoring data. The system can identify call-tone quality for agent behavioral issues and user-created categories to identify particular keywords and phrases that are essential to the call quality score. A proprietary customer correspondence database provides easy-to-use call complaint tracking and data collection for root cause issue analysis and reporting.

Shellpoint's Insight Investor Portal is a website that provides real-time loan-level data and reporting for investors. Shellpoint's technology has been effectively designed to disseminate portfolio information to clients, investors, trustees and other information recipients, as defined in servicing agreements. Shellpoint continues to invest in technology enhancements to support its servicing platform, provide improved customer service and accommodate portfolio growth.

Shellpoint is in the process of migrating to a Tier One backup data center is located in Atlanta, GA, with a full-time technology staff on hand for maintenance and disaster recovery assistance. Management represented that plans are underway to migrate to a cloud environment. The servicer's failover process is highly automated. The company's disaster recovery and business continuity plan is based on mirrored servicing functions among its geographically diverse locations in Greenville, SC; Houston, TX; Jacksonville, FL; and Tempe, AZ. The company's Security Information and Event Management (SEIM) system uses centralized log collection, event correlation and file-integrity monitoring to support a rapid response to threats and attacks. The business continuity plan incorporates pandemic planning and is tested annually.

Intrusion testing is performed internally and by a third-party vendor. An SSAE 16 SOC 1 Type 2 report is provided annually by a third-party auditing firm, with no exceptions found in the most recent report.

The company offers as many as eight mandatory information security courses on an annual basis. Password administration is conducted via Microsoft Active Directory, and there is a quarterly review of user access credentials.

Effective Enterprisewide Compliance Management Systems

Shellpoint employs a multichannel compliance management system that includes quality control (QC), internal audit and vendor management, as well as change and litigation management. The company's compliance monitoring environment consists of four lines of defense that include quality assurance (QA), QC, complaint management and internal audit. QA is embedded in each business unit and is focused on daily preventative controls to identify risk gaps proactively. QC uses monthly testing of completed processes to determine operational quality and compliance with regulations. Complaint management conducts continuous daily and monthly monitoring and root cause analysis of customer complaints to identify trends for remediation and training.

The company's change management process encompasses tracking, reporting, process updates and control implementation of over 250 annual changes. Policies and procedures are available on the company's intranet, and a centralized technical writer coordinates all changes and updates.

Internal audit consists of 30 employees. An annual audit schedule is developed and an audit calendar is released. Audit results are tracked independently within the team's audit software. Additionally, Compliance tracks these issues via an issue tracking database; this database is monitored by the change management team and is discussed during a weekly meeting conducted with compliance personnel. An escalation process is in place to review overdue action plans. Fitch analysts reviewed the company's audit reports, performed over an 18-month period and found them to be satisfactory overall. Shellpoint incorporated a coronavirus-specific audit in 1Q21. The company's QA reports were comprehensive and indicated satisfactory results. The company's Reg AB report indicated full compliance with the specified requirements.

Shellpoint reported a total of 1,503 CFPB complaints during the annual period ended Oct. 31, 2021, which should be targeted for improvement in 2022.

Satisfactory Loan Administration Performance Metrics

Shellpoint employs a bifurcated organizational structure that consists of two servicing divisions:

- Newrez Servicing services loans originated by Newrez or purchased by New Residential, consisting of primarily performing loans underwritten by the GSEs and employing dedicated servicing staff.
- Shellpoint Servicing services third-party client portfolios and manages all delinquent loans as a special servicer. The Shellpoint Servicing division performs all servicing functions, including support areas and special collection teams.

Shellpoint provides private label servicing in collaboration with Newrez to promote brand continuity with its customers. Shellpoint provides a Newrez-branded homeowner website with the same branding statements and email communications. Private label servicing can be adapted to other clients.

Monthly payments are received via several different channels, including a third-party lockbox vendor, a customer website, online banking, paper checks and an IVR unit. Approximately 95% of all monthly payments are posted electronically. The following is a summary of Shellpoint's payment processing channels during the 12-month period ended Oct. 31, 2021:

- Lockbox processing accounts for 13% of monthly payments with a rejection rate of <1%.
- Manual payment processing accounts for 3% of payment processing.
- Onetime automated clearinghouse (ACH) and recurring ACH payments represent 27% and 62% of monthly payments are received via other automated methods.
- A same-day payment posting rate of 98%.

Clearing and custodial accounts are balanced and reconciled daily among the corporate accounting and investor reporting groups to ensure timely posting and depositing of funds. Shellpoint services loans from over 300 securities and performs bond administration on 125 securitizations and adds an average of approximately five new private securities each month. Reporting formats are fully customizable, and file delivery can be accomplished via secure e-mail, website upload or file transfer protocol.

Shellpoint continues to invest in IT to support its customer relationship management effort. As of Oct. 31, 2021, the Customer Service effort consisted of 260 employees located across Shellpoint's multiple U.S. servicing locations. Customer Service handles inbound calls involving loans that are 30 days or less delinquent and performs outbound welcome calls on newly acquired loans.

The company effectively monitors natural disaster risk in its portfolio. Geographic portfolio diversity is satisfactory, with the top five states by unit number representing about 38% of the portfolio and 45% by UPB, thereby minimizing the concentration risk and associated impact of a regional economic downturn or climate disaster. Specially trained natural disaster agents ensure the call center is prepared for natural disasters such as hurricanes, tornadoes, snowstorms and earthquakes. The team reviews call center capacity, develops special scripting for agents to use and posts disaster information messages for the IVR unit and website.

There is a comprehensive multiweek new-hire training program that includes a corporate overview, compliance education, product and technology training and a nesting period with side-by-side mentoring. The company offers continuing education and training as part of a career path program that can lead to internal advancement and minimize employee turnover. The company employs 12 Spanish-language agents, including a supervisor in its call center. The employee attrition rate during training has improved yoy to 16% from 26%.

Every customer service call is recorded and routinely monitored for quality and compliance by a QC group that scores four calls per agent per month. Fitch reviewed a random sampling of customer service and collection calls and found them to be of satisfactory quality overall.

Overall, Shellpoint has satisfactory customer service and borrower information technologies in place that include an IVR unit for self-service and a customer-centric internet site for account information, loan data, payment remittance options, account statements and loss mitigation assistance.

The company's three call centers have expanded hours of operation to handle over 207,000 calls per month. Hazard- and flood-insurance-related calls are handled by the third-party insurance vendor and monitored by Shellpoint for quality. QA reviews approximately five to 10 calls per month while agents receive formal scorecards. A call monitoring scorecard is revised as necessary based on weekly calibration sessions. Shellpoint's call center performance metrics in 4Q21 compare favorably with industry service levels as follows:

- The average speed to answer is 52 seconds.
- The abandonment rate is 3%.
- The first call resolution rate is 94%.
- The website usage rate is 48%.
- Monthly e-billing is 34%.

- The IVR unit handles about 43% of incoming calls.

Shellpoint has acceptable policies and process in place for escrow account administration and oversight, as illustrated by these performance metrics:

- The company collects escrow for the payment of real estate taxes (82%), hazard insurance (76%) and flood insurance (4.5%).
- Lender-placed insurance for loans 60 or less days delinquent and loans 60 or more days delinquent is 2.35% and 26%, respectively.
- The overall flat cancellation rate for lender-placed hazard insurance is satisfactory at 13%.

The company's delinquent account collection effort is conducted among its multiple call center locations, which provide extended calling hours for its demographically diverse portfolio. An auto-dialer is used predominantly for early-stage account collections, while manual dialing is used for high risk campaigns, along with e-mail and text, where permissible. A capacity planning approach is used to optimize scheduling and utilization of staff resources, and the company has extended evening and Saturday hours to reach a geographically diverse portfolio. A proprietary risk score is assigned to accounts and is calculated from data that include payment history, FICO score (for some clients), loan type and best time to call. Call frequency is based on the behavior score.

The company's collection metrics generally evidence an effective delinquency management effort. Shellpoint reported the following loan collection performance metrics:

- Monthly average speed-to-answer rate of 48 seconds.
- Monthly average abandonment rate of 2%.
- The promise-to-pay rate as a percentage of right party contacts is 45%.
- The number of overall promises kept as a percentage of promises to pay is 85%.
- Promise-to-pay success rates of 85% across 30-day–59-day, 60-day–89-day and 90-plus day delinquency buckets.
- Positive and negative roll rate migration in the delinquency buckets is generally competitive with industry data.

Obtaining a reason for default, updating financial information and identifying an appropriate workout or exit strategy are critical during borrower outreach efforts. Calling campaigns are customized based on a variety of factors depending on portfolio and borrower characteristics, and regular meetings with investors are conducted to establish goals.

Collector performance is measured against internal key performance indicators, and a monthly scorecard is produced for each agent. Call quality is measured via call monitoring by the QA team, and compliance with applicable regulations is also assessed.

The loss mitigation team oversees a portfolio of about 55,000 active loss mitigation cases. A single point of contact (SPOC) is assigned at loan boarding and provides a cradle-to-grave dedicated contact person. The loss mitigation process flow consists of frontline, negotiating and fulfillment activities. An intake team reviews loss mitigation packages for completeness, and an underwriting team reviews loan workout application for approval. A proprietary loan workout decisioning model is used to analyze loans for workout approvals pursuant to investor guidelines. Pre-foreclosure reviews are done to ensure that the original decision and equity analysis are correct. Shellpoint utilizes a web portal for borrowers to submit loss mitigation applications and supporting documentation. The company's loss mitigation results are generally superior to industry averages as reported in 4Q21:

- The default referral pull through rate is 56%.
- The loan workout package pull through rate is an effective 63%.
- Competitive recidivism rates for six months, 12 months and 18 months of the loan modification first payment due date are 10%, 17% and 19%, respectively.

Since Fitch's last review, the company reports that 19% of all loss mitigation trial plans default, which is a YOY improvement.

The bankruptcy team currently oversees more than 16,000 bankruptcy cases. A third-party default workflow management system is used to track the status of bankruptcy cases and manage attorney network performance. The primary servicing system tracks pre- and post-petition payments. About 93% of bankruptcy cases were Chapter 13 and 6% were Chapter 7, with about 63% of bankruptcy cases performing according to plan.

The company will generally have its outside counsel file a motion for relief after the account has become 60-plus days' delinquent. The entire loan servicing portfolio is scrubbed daily against a third-party public bankruptcy database to identify new bankruptcy filings and to obtain or confirm the status of existing bankruptcy cases.

The Shellpoint foreclosure team oversees more than 25,000 foreclosure cases among 173 law firms. Foreclosure review begins when the loan is 75-plus days delinquent. A QA checklist is used to ensure all collection contact and loan workout opportunities have been exhausted prior to foreclosure referral. Monthly quality reviews are performed by the foreclosure manager and QC groups. A third-party default workflow management system is used to track the status of foreclosure cases and manage attorney network performance. Shellpoint reports an average of 53 days to cure title issues and that 48% of foreclosures are resolved via third-party sale. Shellpoint reduced the average number of days until the first legal action to less than 30 days and reduced post sale timelines in all 50 states by 52%.

The company's REO portfolio totals about 2,861 properties. The company manages the REO marketing process internally, with a staff of 58 employees using multiple third-party vendor systems to track the marketing and sale of REOs. Shellpoint uses more than 3,100 active agents with over 330 in-network preferred agents. The company adheres to the Protecting Tenants at Foreclosure Act, and bona fide tenants stay in the property through lease expiration. Shellpoint reported the following REO performance metrics:

- Approximately 18% of new REO properties require eviction.
- The average number of days to complete an eviction is 150 days.
- The average inventory turnaround time is 126 days.
- REO properties sold through auction during the calendar year ending Oct. 31, 2021 totals 178.
- The average number of days to market an asset from post-eviction to closing is 127 days.
- The average monthly inventory turn rate is an excellent 38%.

Shellpoint reports a gross sale-to-market value ratio of 113% and a net sale-to-market value ratio of 102%. Overall, Shellpoint's REO asset management, marketing and property disposition activities indicate a well-controlled and effective environment.

Financial Condition

The servicer's and/or its parent company's financial condition is an important indicator of its ability to meet obligations, including advancing, if applicable, and the funding of operations. Fitch's financial review includes an assessment of the company's ability to weather adverse market conditions, finance expansions and make capital investments as it focuses on sustaining or growing the servicing platform. Typically, servicers with an investment-grade credit rating will receive a higher score in the financial condition category of Fitch's review.

Fitch does not publicly rate the credit and financial strength of Shellpoint or its parent, New Residential Investment Corp. However, Fitch's Financial Institutions group reviewed the company's financial statements to provide an internal assessment, the outcome of which is incorporated into Fitch's overall evaluation of the servicer.

Rating Sensitivities

Fitch's analysis incorporates a sensitivity analysis to demonstrate how the servicer ratings would react to material changes in the servicer's financial condition. The implied rating sensitivities only indicate of some of the potential outcomes and do not consider other risk factors that the servicer ratings may become exposed to, such as the servicer's ability to manage the serviced portfolio or material changes in portfolio composition, including rapid growth and/or deterioration in credit quality and unanticipated regulatory actions or settlements.

The financial condition sensitivity analysis was conducted at two notches up and down from the internal credit assessment of New Residential Investment Corp. The financial condition analysis indicated that rating migration would not occur with one or two notches of deterioration or improvement in the parent's financial assessment.

Servicer Metrics

Select Staffing Metrics[a]

(As of Sept. 30, 2021)	Subject Servicer Provided Data	Fitch Assessment
% of Temp Staff (Including Contract)	4.6	Superior
% of Voluntary Turnover	21.3	Superior
% of Involuntary Turnover	8.8	Superior
Training: 12-Mo. Avg. No. of Hours for Staff (Excluding New Hires)	30	Below Average
Training: 12-Mo. Avg. No. of Hours for New Hires	130	Below Average

[a]Assessment based on collected data from Fitch-rated servicers.
Source: Shellpoint Mortgage Servicing.

Main Systems

Applications, Interfaces and Tools	Name	Vendor Product, Customized Vendor Product or Proprietary
Core Servicing	Finastra's Servicing Director	Vendor Product
Telephony	RingCentral	Vendor Product
Collections	RingCentral	Vendor Product
Loss Mitigation	LMS	Proprietary
Bankruptcy	SD custom module	Proprietary
Foreclosure	Black Knight LoanSphere	Vendor Product
REO	Equator (from Altisource)	Vendor Product

Source: Shellpoint Mortgage Servicing.

Select Loan Admin Metrics[a]

(%, As of Sept. 30, 2021)	Subject Servicer Provided Data	Fitch Assessment
Suspense Items Aged 30+ Days	0.6	Superior
Misapplied Payment	0.2	Superior
Hold Time (Speed to Answer by CSR in Seconds)	52.00	Superior
Abandonment Rate	2.2	Superior

[a]Assessment based on collected data from Fitch rated servicers. CSR – Customer service representative.
Note: Metrics are for the most recent 12-month period.
Source: Shellpoint Mortgage Servicing.

Select Default Metrics[a]

(As of Sept. 30, 2021)	Subject Servicer Provided Data	Fitch Assessment
Hold Time (Speed to Answer by CSR in Seconds)	48	Superior
Abandonment Rate (%)	2.14	Superior

[a]Assessment based on collected data from Fitch rated servicers. CSR – Customer service representative.
Note: Metrics are for the most recent 12-month period.
Source: Shellpoint Mortgage Servicing.

Product Type: Prime

Delinquency Statistics — Prime

	2019				2020				2021			
(Years, As of Sept. 30)	Amount ($000)	% of Amount	No. of Loans	% of No. of Loans	Amount ($000)	% of Amount	No. of Loans	% of No. of Loans	Amount ($000)	% of Amount	No. of Loans	% of No. of Loans
30 to 59 Days	2,661,655,343	6	14,252	8	464,750,624	2	2,153	3	860,936,310	2	4,401	3
60 to 89 Days	720,716,722	2	3,822	2	212,311,726	1	964	1	188,304,154	0	1,131	1
90+ Days	702,752,063	2	3,890	2	940,422,555	4	2,994	5	600,606,646	1	3,062	2
All Loans in Bankruptcy Status	618,555,543	1	3,661	2	99,451,877	0	805	1	140,358,743	0	1,025	1
In Foreclosure Status (Excluding Bankruptcy)	1,187,991,586	3	5,747	3	328,310,996	1	1,760	3	324,507,201	1	1,330	1
Subtotal	5,891,671,256	13	31,372	17	2,045,247,778	8	8,676	13	2,114,713,054	4	10,949	8
In REO Status	252,942,751	1	1,328	1	22,368,785	0	146	0	44,465,645	0	174	0
Total Delinquency	**6,144,614,007**	**14**	**32,700**	**18**	**2,067,616,562**	**8**	**8,822**	**13**	**2,159,178,699**	**4**	**11,123**	**8**
Total Portfolio	44,182,563,768		185,632		26,244,002,887		66,434		49,497,879,091		133,237	

REO – Real estate owned. Note: Numbers may not add due to rounding. Data reflect the Mortgage Bankers Association method of delinquency reporting.
Source: Specialized Loan Servicing, LLC.

Average 12-Month Delinquency Migration — Prime

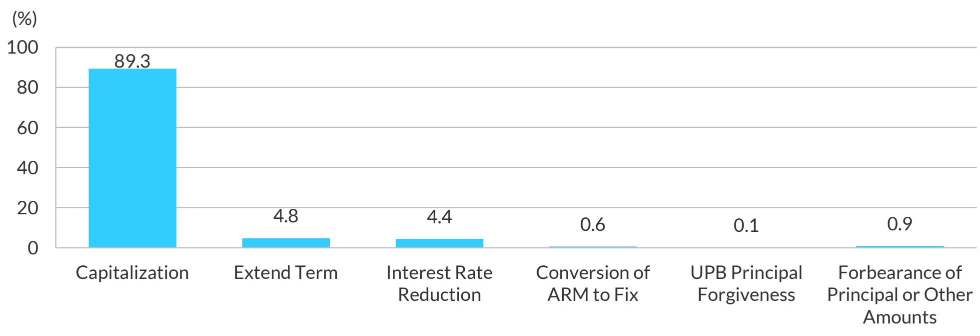
(% of No. of Loans, 12-Month Period Ended Sept. 30, 2021)

		Status at End of Month										
Status at Beginning of Month	No. of Loans	Paid in Full	Current	30 Days	60 Days	90+ Days	BK	FC	REO	Charged Off	Service Released	Liquidated at a Loss
Current	81,675	1.8	95.2	2.1	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.0
30 Days	3,517	0.9	32.5	45.2	18.6	0.1	0.1	0.5	0.0	0.0	2.2	0.0
60 Days	1,176	0.7	14.9	14.5	32.0	34.0	0.1	0.3	0.0	0.0	3.4	0.0
90 Days or More	3,033	0.7	8.1	1.3	2.6	79.8	0.1	2.3	0.0	0.0	5.0	0.0
Bankruptcy	1,115	0.3	2.5	0.3	0.2	0.8	91.2	1.0	0.0	0.0	3.7	0.0
Foreclosure	1,600	1.2	4.3	0.6	0.2	0.1	0.7	90.9	0.9	0.0	0.6	0.5

Source: Specialized Loan Servicing, LLC.

Modification Features — Prime

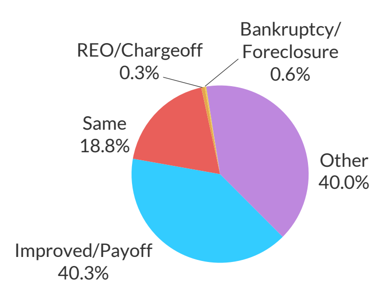
(As of Sept. 30, 2021, Based on 451 Modifications)



Note: Individual loans may be counted with multiple modification features.
Source: Shellpoint Mortgage Servicing.

Resolution of Non-Agency RMBS Prime Loans 60+ Days Delinquent Ended Sept. 30, 2021

(Based on 3,958 Loans, As of Oct. 1, 2020)



Source: Shellpoint Mortgage Servicing.

Product Type: Special

Delinquency Statistics — Special

(Years, As of Sept. 30)	2019 Amount ($000)	2019 % of Amount	2019 No. of Loans	2019 % of No. of Loans	2020 Amount ($000)	2020 % of Amount	2020 No. of Loans	2020 % of No. of Loans	2021 Amount ($000)	2021 % of Amount	2021 No. of Loans	2021 % of No. of Loans
30 to 59 Days	227,503,817	8	1,410	8	305,124,691	3	6,697	5	1,644,036,582	1	13,078	3
60 to 89 Days	132,681,473	5	699	4	122,687,783	1	2,787	2	510,526,687	0	4,221	1
90+ Days	115,797,369	4	886	5	520,961,185	5	7,179	5	2,607,798,567	2	15,350	4
All Loans in Bankruptcy Status	140,900,207	5	745	4	216,030,835	2	5,188	4	590,460,718	1	6,628	2
In Foreclosure Status (Excluding Bankruptcy)	504,629,918	17	1,800	11	380,683,149	4	7,638	5	460,127,007	0	4,909	1
Subtotal	1,121,512,784	39	5,540	33	1,545,487,644	16	29,489	20	5,812,949,561	5	44,186	11
In REO Status	86,365,523	3	279	2	167,149,056	2	2,102	1	68,044,441	0	982	0
Total Delinquency	**1,207,878,307**	**42**	**5,819**	**34**	**1,712,636,700**	**17**	**31,591**	**22**	**5,880,994,002**	**5**	**45,168**	**11**
Total Portfolio	2,892,925,870		16,970		9,962,405,754		145,038		110,015,904,293		400,229	

REO – Real estate owned. Note: Numbers may not add due to rounding. Data reflect the Mortgage Bankers Association method of delinquency reporting.
Source: Specialized Loan Servicing, LLC.

Average 12-Month Delinquency Migration — Special

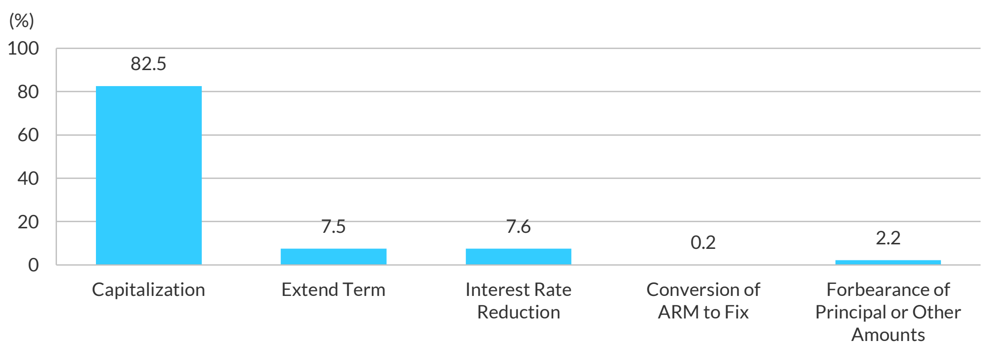
(% of No. of Loans, 12-Month Period Ended Sept. 30, 2021)

		Status at End of Month										
Status at Beginning of Month	**No. of Loans**	**Paid in Full**	**Current**	**30 Days**	**60 Days**	**90+ Days**	**BK**	**FC**	**REO**	**Charged Off**	**Service Released**	**Liquidated at a Loss**
Current	167,519	1.1	96.8	2.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
30 Days	6,962	0.7	31.0	46.8	21.3	0.1	0.1	0.0	0.0	0.0	0.0	0.0
60 Days	2,571	0.7	14.0	15.2	34.3	35.6	0.1	0.0	0.0	0.0	0.0	0.0
90 Days or More	7,686	0.8	5.6	1.1	2.7	83.6	0.2	2.8	0.1	0.0	3.0	0.0
Bankruptcy	5,095	0.5	1.6	0.2	0.1	0.8	96.0	0.7	0.0	0.0	0.2	0.0
Foreclosure	5,720	0.6	2.6	0.4	0.2	1.3	1.1	90.6	2.3	0.0	0.5	0.5

Source: Specialized Loan Servicing, LLC.

Modification Features — Special

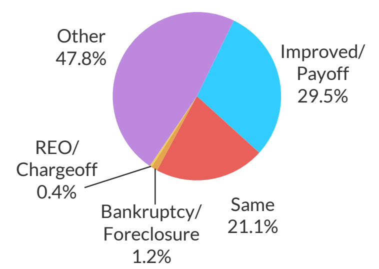
(As of Sept.30, 2021, Based on 1,201 Modifications)



Note: Individual loans may be counted with multiple modification features.
Source: Shellpoint Mortgage Servicing.

Resolution of Non-Agency RMBS Special Serviced Loans 60+ Days Delinquent Ended Sept. 30, 2021

(Based on 9,966 Loans, As of Oct. 1, 2020)



Source: Shellpoint Mortgage Servicing.

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