Inside NONCONFORMING Markets

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Shellpoint Tops Non-Agency MBS Servicers in 2020

Shellpoint Mortgage Servicing handled the most volume of loans in non-agency mortgage-backed securities in 2020, according to a new ranking and analysis by *Inside Nonconforming Markets*.

The firm processed $10.62 billion of loans in MBS issued last year, attaining a market share of 26.1%.

Select Portfolio Servicing ranked second, handling $6.46 billion of loans in issuance last year, with its portfolio accounting for 15.9% of total non-agency MBS issuance. No other firm topped $3.5 billion in servicing on issuance in 2020.

Shellpoint, which is owned by New Residential Investment, handles both prime mortgages and expanded-credit loans. SPS, which is owned by Credit Suisse, focuses entirely on the expanded-credit sector.

Top Non-agency Servicers: MBS Issued 2019-20

Dollargs in millions

		Cumulative 1Q19-4Q20			Non-agency MBS Issuance by Quarter							
Rank	Servicer	Total	Prime	ECM	4Q20	3Q20	2Q20	1Q20	4Q19	3Q19	2Q19	1Q19
1	Shellpoint Mortgage Servicing	$25,537.3	$10,478.2	$15,059.2	$1,970.7	$2,302.9	$2,185.8	$4,157.2	$4,030.4	$4,494.7	$2,947.5	$3,448.2
2	Select Portfolio Servicing	$12,585.3	$0.0	$12,585.3	$691.9	$2,798.1	$1,539.8	$1,428.7	$2,264.2	$1,498.9	$774.4	$1,589.3
3	JPMorgan Chase	$7,688.0	$5,510.7	$2,177.3	$507.9	$1,122.1	$0.0	$1,274.4	$1,254.2	$2,173.0	$792.7	$563.9
4	Wells Fargo	$5,071.4	$4,798.3	$273.1	$456.9	$1,131.3	$478.1	$584.1	$606.8	$548.9	$553.6	$711.7
5	Cenlar	$4,988.9	$4,317.8	$671.1	$417.9	$623.9	$751.4	$1,580.3	$872.2	$0.0	$479.6	$263.7
6	Specialized Loan Servicing	$4,302.7	$308.5	$3,994.2	$318.3	$799.5	$663.4	$0.0	$531.8	$721.6	$90.6	$1,177.5
7	AmWest Funding	$2,978.4	$0.0	$2,978.4	$0.0	$352.7	$229.4	$370.8	$205.8	$1,125.6	$694.2	$0.0
8	Caliber Home Loans	$2,744.8	$0.0	$2,744.8	$138.7	$253.5	$460.1	$365.9	$0.0	$353.0	$378.3	$795.4
9	Quicken Loans	$2,721.8	$1,633.5	$1,088.3	$0.0	$216.2	$122.4	$505.9	$392.5	$324.8	$580.5	$579.6
10	Servis One/BSI	$2,139.6	$0.0	$2,139.6	$221.3	$159.9	$353.0	$261.6	$464.6	$0.0	$471.1	$208.2
11	United Shore Financial Services	$1,923.5	$1,835.3	$88.2	$109.2	$577.6	$0.0	$316.1	$795.8	$124.9	$0.0	$0.0
12	Citadel Servicing Corp	$1,784.0	$0.0	$1,784.0	$951.7	$393.1	$85.4	$0.0	$201.1	$90.8	$0.0	$62.0
13	Rushmore Loan Management	$1,768.1	$200.2	$1,567.8	$420.0	$367.8	$259.3	$0.0	$494.1	$0.0	$226.9	$0.0
14	Fay Servicing	$1,640.4	$0.0	$1,640.4	$319.8	$363.0	$218.2	$285.1	$189.9	$0.0	$264.5	$0.0
15	Flagstar Bank	$1,472.8	$767.2	$705.6	$0.0	$0.0	$0.0	$747.4	$725.4	$0.0	$0.0	$0.0
16	First Republic	$1,025.7	$548.6	$477.0	$29.8	$115.8	$314.4	$303.5	$7.1	$200.8	$36.5	$17.9
17	Provident Funding Associates	$1,011.7	$1,011.7	$0.0	$258.4	$0.0	$0.0	$415.7	$337.6	$0.0	$0.0	$0.0
18	MetroCity	$899.1	$0.0	$899.1	$0.0	$0.0	$190.0	$11.9	$95.3	$412.7	$189.1	$0.0
19	Carrington Mortgage Services	$581.3	$0.0	$581.3	$0.0	$0.0	$0.0	$299.7	$0.0	$0.0	$281.6	$0.0
20	Lakeview/Bayview/Community	$454.8	$0.0	$454.8	$300.6	$154.2	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
21	Impac Mortgage	$362.6	$0.0	$362.6	$0.0	$0.0	$0.0	$0.0	$0.0	$362.6	$0.0	$0.0
22	Amerihome Mortgage	$358.2	$98.5	$259.7	$0.0	$0.0	$0.0	$0.0	$37.0	$155.4	$165.8	$0.0
23	Selene Finance	$351.5	$0.0	$351.5	$0.0	$0.0	$351.5	$0.0	$0.0	$0.0	$0.0	$0.0
24	Sterling Bank	$343.1	$0.0	$343.1	$0.0	$0.0	$0.0	$0.0	$78.6	$108.6	$0.0	$155.8
25	loanDepot	$288.3	$288.3	$0.0	$7.5	$4.8	$84.4	$146.0	$45.6	$0.0	$0.0	$0.0
	Total Issuance	**$86,331.2**	**$32,238.0**	**$54,093.2**	**$7,294.6**	**$11,922.0**	**$8,322.5**	**$13,175.7**	**$13,753.6**	**$12,909.0**	**$9,137.6**	**$9,816.2**

Notes: Servicing amounts are based on non-agency MBS volume at issuance. Totals are cumulative 2019-4Q20.

Source: Inside Nonconforming Markets

Servicers of non-agency MBS are grappling with delinquencies and forbearance tied to the economic impact of the coronavirus.

The 90+ day delinquency rate on prime non-agency MBS was 2.6% at the end of 2020, according to Kroll Bond Rating Agency. At the end of 2019, such delinquencies were essentially nonexistent.

The performance problems are even more acute in the expanded-credit sector where the 90+ day delinquency rate rose from 1.6% at the end of 2019 to 8.6% at the end of 2020, according to KBRA.

Delinquencies in both sectors peaked near the end of summer, at 3.0% for prime deals and 13.0% for expanded-credit MBS.

The expanded-credit sector was hit particularly hard by COVID due to the sector's focus on self-employed borrowers and small-business owners.

This population has historically been ineligible for traditional unemployment protection and while this was altered by the Coronavirus Aid, Relief and Economic Security Act, claim acceptance has been "slower," noted dv01, an analytics company. "Besides delays, these borrowers face additional hurdles in collecting and even calculating benefits. Furthermore, borrowers are more likely to experience income declines that technically make them ineligible for unemployment."

dv01 added that reporting of loan performance and forbearance for expanded-credit MBS has been far from uniform among issuers and servicers, creating complications for MBS investors.

"Some entities reported payment relief efforts as deferrals or modifications and made them immediately visible to investors, while others used alternative terminology that was not clearly disclosed and required efforts to identify," the firm said.

After dv01 raised concerns about the reporting issues, the firm said disclosures improved to some extent. "Yet universal problems remain in disclosing critical information, including the modification term, the expected end date, whether borrowers received any extensions and how missed payments are treated once repayment resumes," the firm said. ❑