

## **FITCH AFFIRMS SHELLPOINT MORTGAGE SERVICING'S U.S. RMBS SERVICER RATINGS**

Fitch Ratings-New York-22 June 2018: Fitch Ratings has affirmed the following U.S. residential mortgage servicer ratings on Shellpoint Mortgage Servicing (SMS), as follows:

- U.S. residential primary servicer rating for Prime product at 'RPS3+'; Outlook Stable.
- U.S. residential special servicer rating at 'RSS3+'; Outlook Stable.

The rating affirmations and Stable Outlook take into account the November 2017 announcement by New Residential Investment Corp. (NRZ) to acquire Shellpoint and its business-related entities, which includes SMS' ongoing investments in systems and processes, well-managed growth, experienced management team, and the continued support from Shellpoint Partners (Shellpoint), its parent/issuer and New Penn Financial, LLC (New Penn), which operates a mortgage lending platform headquartered in Plymouth Meeting, PA.

SMS has continued to upgrade its systems and processes. During the most recent review period, the servicer added new homeowner and client websites with enhanced features to provide more self-service functions. SMS also added a new telephony system which provides greater servicer flexibility and improved reporting and analytics.

SMS has grown its servicing platform by over 24% over the past year, and since April 2015, the servicing portfolio has doubled in size. The servicing portfolio is now approximately equally divided between pre- and post-crisis originations loans.

SMS maintains two servicing locations. Its primary servicing site is located in Greenville, SC while its Houston, TX office provides additional staffing that covers redundant functions, including but not limited to, foreclosure, loss mitigation, default support, portfolio management, and customer service. SMS has enhanced its systems and processes to align with its growing platform. The servicer does not utilize any offshore provider for any customer-facing functions as part of its servicing operation and indicated it has no immediate plans to change this strategy.

SMS' portfolio as of March 31, 2018 totaled approximately 229,400 loans for \$56.3 billion. This is further broken down as follows: 115, 600 (government-sponsored enterprises FNMA, FHLMC and GNMA) loans totaling \$23.5 billion, 25,700 non-agency RMBS loans totaling \$7.2 billion and 88,150 third-party serviced loans totaling \$16.7 billion.

The transaction by NRZ is expected to close during the third quarter of 2018. Fitch believes the merger will provide additional financing that will contribute towards expanding SMS' servicing operation. NRZ will also be a source for attracting new loans and acquired mortgage servicing rights (MSR). SMS is a seasoned, high-touch loan servicer with a 19-year history through its predecessor servicing entity, Resurgent Mortgage Servicing.

Fitch rates residential mortgage primary, master, and special servicers on a scale of 1 to 5, with 1 being the highest rating. Within some of these rating levels, Fitch further differentiates ratings by plus (+) and minus (-) as well as the flat rating. For more information on Fitch's residential servicer rating program, please see Fitch's report 'Criteria for Rating U.S. and Canadian Residential and Small Balance Commercial Mortgage Servicers', dated February 2017, which is available on the Fitch Ratings web site at '[www.fitchratings.com](http://www.fitchratings.com)'.

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#### Applicable Criteria

Criteria for Rating Loan Servicers (pub. 23 Feb 2017)

<https://www.fitchratings.com/site/re/894073>

Criteria for Rating U.S. and Canadian Residential and Small Balance Commercial Mortgage Servicers (pub. 23 Feb 2017)

<https://www.fitchratings.com/site/re/894072>

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