

Shellpoint Mortgage Servicing ABOVE AVERAGE Residential Primary And Special Servicer Rankings Affirmed; Outlooks Stable

March 17, 2020

OVERVIEW

- We affirmed our overall ABOVE AVERAGE rankings on Shellpoint Mortgage Servicing as a residential mortgage primary and special servicer.
- Shellpoint Mortgage Servicing operates as a division of NewRez LLC. Its servicing portfolio consists of over 1.1 million loans and \$220 billion in unpaid principal balance as of Dec. 31, 2019.
- The outlooks are stable.

FARMERS BRANCH (S&P Global Ratings) March 17, 2020--S&P Global Ratings today affirmed its ABOVE AVERAGE rankings on Shellpoint Mortgage Servicing (SMS) as a residential mortgage primary and special servicer. The outlooks are stable.

Our rankings reflect:

- A seasoned and well-experienced senior management team.
- Sound internal controls that continue to season.
- A focus on mitigating borrower and operational impact related to boarding a large volume of loans.
- Servicing-performance metrics that are mostly competitive with similarly ranked peers.
- Dedicated staff to manage its special servicing portfolios.
- Its servicing strategies and loss mitigation technology to effectively manage non-performing or high-risk loans.

Furthermore, we recognize the significant growth in the servicing portfolio, which presents a level of risk. However, we note that the company has made significant investments in many areas of the servicing operations, notably staffing and technology, which provide efficiencies and controls necessary to support a large servicing portfolio. In addition, the company has broadly maintained servicing performance levels during the growth period.

Since our prior review (see "Servicer Evaluation: Shellpoint Mortgage Servicing," published July 20, 2018), the following changes and/or developments have occurred:

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- It formed two divisions within servicing, one that aligned mostly performing loan and administration functions, and one to handle default and special servicing functions.
- It added two new executive vice presidents to lead the performing loan division and servicing operations respectively.
- The combined prime and special servicing portfolio increased 126% in loan count during 2019.
- It implemented a voice analytics technology to enhance call monitoring capabilities.
- It implemented new workflow driven technology such as vendor management and short sale processing systems.
- For large loan transfers, it created a website that borrowers can use before their loan boards the servicing system.
- It made a number of website enhancements, including additional borrower self service capabilities.
- It established an in-line quality assurance team within the foreclosure area.
- It established a team to handle verbal complaints.

The outlooks are stable. We expect SMS will maintain its servicing performance levels as the portfolio grows. The experienced leadership team continues to invest in the staff and technology necessary to manage a large and growing portfolio in a well-controlled manner. Notwithstanding portfolio growth driven predominantly from performing loans, we expect the company will maintain its strategies and capabilities to effectively manage its special servicing portfolio. We will also continue to monitor performance as the operation grows.

The financial position is SUFFICIENT.

Related Research

- Select Servicer List, Feb. 6, 2020
- Analytical Approach: Global Servicer Evaluations Rankings, Jan. 7, 2019
- Servicer Evaluation: Shellpoint Mortgage Servicing, July 20, 2018

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