

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

Fitch Ratings-New York-09 May 2016: Fitch Ratings has affirmed the following U.S. residential mortgage servicer ratings on Shellpoint Mortgage Servicing (Shellpoint), fka Resurgent Mortgage Servicing (RMS) 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 servicer rating affirmations and Stable Outlook take into account Shellpoint's effective approach to growth, experienced senior management team, good systems and technology usage, and established enterprise-risk management practices. The rating also takes into consideration the financial support and oversight by its parent, New Penn Financial, LLC (New Penn).

During the course of this review period, the servicer expanded its second servicing site in Houston, TX to include additional positions covering client specific quality assurance testing. The site also provides staffing for support functions covering foreclosure, loss mitigation, default, and investor reporting.

In addition, the servicer hired a vendor management and oversight manager and named a new chief compliance officer to its senior management team. Shellpoint also completed several enhancements to its telephony and web systems, expanded its compliance related staff to provide the resources necessary to monitor regulatory changes, modify its policies and procedures to adhere to conformance requirements, and implemented several required business-process changes enterprise-wide.

As of Dec. 31, 2015, Shellpoint's full time equivalents (FTEs) were 516 with six percent temporary/contract employees. This represents a 32% increase in staffing over the prior review period. The voluntary turnover rate was 28% and involuntary was 14%. This represents an increase to 41.4% from 16.01% in the combined turnover rates from the previous year. Shellpoint indicated that the higher turnover rate reflects the results of its formal process improvement changes that commenced in July 2015, leading to increased automated functionalities being utilized across the platform.

Shellpoint's portfolio as of Dec. 31, 2015 totaled 143,205 loans for \$30.2 billion. This is further broken down as follows; 68,700 government-sponsored enterprises FNMA, FHLMC and GNMA) loans totaling \$14.7 billion, 14,732 non-agency RMBS loans totaling \$4.2 billion and 59,773 third-party serviced loan totaling \$11.3 billion.

Shellpoint is a seasoned, high-touch loan servicer with a 16-year history through its predecessor servicing entity, RMS. The servicer maintains its primary servicing site in Greenville, South Carolina and a second site in Houston.

Fitch will continue to monitor the performance of Shellpoint's servicing operations as it continues to pursue its growth initiatives.

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Applicable Criteria and Related Research:

--'Rating U.S. Residential and Small Balance Commercial Mortgage Servicer Rating Criteria',
dated April 2015;

--'Rating Criteria for Structured Finance Servicers', dated April 2015.

Applicable Criteria

Rating Criteria for Structured Finance Servicers (pub. 23 Apr 2015)

https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=864375

Rating Criteria for U.S. Residential and Small Balance Commercial Mortgage Servicers (pub. 23
Apr 2015)

https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=864368

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