



RATING ACTION COMMENTARY

Fitch Affirms Shellpoint Mortgage Servicing's U.S. RMBS Servicer Ratings

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Fitch Ratings - New York - 25 Feb 2022: Fitch Ratings has affirmed the following servicer ratings for Shellpoint Mortgage Servicing (Shellpoint), a division of New Residential Investment Corp., (New Residential) as follows:

- U.S. primary prime servicer rating at 'RPS2';
- U.S. special servicer rating at 'RSS2'. The Rating Outlook is Stable.

KEY RATING DRIVERS

Shellpoint's affirmed ratings and Stable Outlook reflect the company's effective technology environment, comprehensive enterprise-wide compliance management systems, competitive loan administration performance metrics and special servicing expertise.

Shellpoint continues to grow via organic origination production from Newrez LLC and by acquiring new clients. Shellpoint services a portfolio of performing loans for Newrez and other third-party clients, and also does business as a special servicer for delinquent loans and for recovery collections on mortgage and consumer loan products focusing on private-

label servicing, non-QM mortgages, mobile homes, and HELOCs.

Shellpoint employs a multi-channel compliance management system that includes quality control, internal audit, and vendor management as well as compliance and litigation management. A review of the company's internal audit reports indicated satisfactory results. Vendor management protocols include an initial due diligence and approval process, ongoing multi-level performance monitoring, scoring, and annual recertification. The company's most recent Regulation AB report reflected full compliance with the specified requirements. A 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.

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, loss mitigation metrics, and positive roll-rate migration show yoy improvement, and call-center metrics have returned to pre-pandemic levels.

Shellpoint's servicing operations are headquartered in Greenville, SC, with additional offices in Jacksonville, FL; Houston, TX; and Tempe, AZ. As of Dec. 31, 2021, Shellpoint serviced a portfolio of 1.7 million loans with an unpaid principal balance of \$319 billion. The company's third-party special-servicing portfolio consists of more than 347,000 loans totaling \$83.4 billion and the third-party prime-servicing portfolio consists of 8,044 loans totaling \$4.1 billion. Shellpoint is the servicer on more than 150 legacy RMBS transactions and is a designated Fannie Mae and Freddie Mac special servicer.

Fitch does not publicly rate the credit and financial strength of Shellpoint's ultimate parent, New Residential. However, Fitch's financial institutions group reviewed New Residential's financial statements to provide an internal assessment, as a company's financial condition is a component of Fitch's servicer rating analysis.

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. Residential and Small Balance Commercial Mortgage Service," dated February 2020 and available at www.fitchratings.com.

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APPLICABLE CRITERIA

Criteria for Rating U.S. and Canadian Residential and Small Balance Commercial Mortgage Servicers (pub. 07 Feb 2020)

Criteria for Rating Loan Servicers (pub. 07 Feb 2020)

ADDITIONAL DISCLOSURES

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Shellpoint Mortgage Servicing -

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Structured Finance Structured Finance: RMBS North America United States
