

Announcement - Servicer: Moody's affirms Shellpoint's SQ assessments

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U.S. Residential Mortgage Servicer Assessment Action

New York, June 21, 2018 -- Moody's Investors Service has affirmed the servicer quality (SQ) assessments for Shellpoint Mortgage Servicing ("Shellpoint") of SQ3+ as a Special Servicer and Primary Servicer of residential mortgage loans.

The Prime and Special Servicer SQ assessments are both based on above average collection abilities, average loss mitigation results, above average foreclosure and REO timeline management, above average loan administration and below average servicing stability.

Shellpoint Mortgage Servicing was established when New Penn Financial, a wholly-owned subsidiary of Shellpoint Partners, LLC acquired Resurgent Capital Services' mortgage servicing platform in a transaction that was completed on March 1, 2014. On November 29, 2017, New Residential Investment Corp. announced it has entered into a definitive agreement to acquire Shellpoint Partners LLC, including the servicing operation. The transaction is expected to close in the second quarter 2018.

As of April 30, 2018, Shellpoint's servicing portfolio contained 233,033 loans (excluding REO) with an unpaid balance of approximately \$57.8 billion. This reflects continued growth for the servicing portfolio compared to prior review.

ASSESSMENT RATIONALE

We view Shellpoint's collection abilities as above average. The company improved its collection performance metrics during the review period and enhanced its private label servicing capabilities with a new website. Shellpoint's call center metrics were above average for the review period.

We view the company's loss mitigation abilities as average. Shellpoint implemented a new loss mitigation portal to streamline the modification review process. The company's loss mitigation metrics are average when compared with peers.

We view Shellpoint's foreclosure and REO timeline abilities as above average. The company's foreclosure timeline performance was above average compared to peers. Shellpoint has comprehensive REO management processes including an experienced property valuation team.

We view the company's loan administration function to be above average. The component assessment is based on solid loan boarding and document management practices.

We view the company's servicing stability as below average. The stability assessment incorporates Shellpoint's experienced management team and technology infrastructure, which is balanced by the company's private ownership structure. New Residential Investment Corp. has announced it has entered into definitive agreements to acquire Shellpoint Partners LLC, including the servicing operation. The transaction is expected to close in the second quarter 2018. We believe the acquisition is positive for Shellpoint.

The previous assessment action for Shellpoint's SQ assessments occurred on October 19, 2016. At that time, Moody's upgraded Shellpoint's special servicing assessment to SQ3+ and affirmed the assessment for prime loan servicing at SQ3+.

Moody's SQ assessments represent its view of a servicer's ability to prevent or mitigate asset pool losses across changing markets. The assessment scale ranges from SQ1 (strong) to SQ5 (weak). Where appropriate, a "+" or "-" modifier will be appended to the relevant assessment to indicate a servicer's relative servicing quality within a particular category.

The principal methodology used in this analysis was "Servicer Quality Assessments for Servicers of Residential Mortgages" published in May 2017. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

Please see www.moody's.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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