

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

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New York, April 23, 2020 -- Moody's Investors Service ("Moody's") has affirmed the servicer quality (SQ) assessments for Shellpoint Mortgage Servicing ("Shellpoint") at SQ3+ as a Primary and Special servicer of residential mortgage loans.

The company is headquartered in Greenville, South Carolina with three additional operations sites in Texas, Arizona, and Florida. In July 2018, New Residential Investment Corp. finished acquiring Shellpoint Partners LLC and all of its business units, including Shellpoint Mortgage Servicing. During the review, the company successfully on-boarded approximately 700,000 loans from Ditech Holdings Corp .

ASSESSMENT RATIONALE

We view Shellpoint's collection abilities as above average. During the review, the company improved its collection performance metrics. The company uses a comprehensive, proprietary behavior scoring model that assigns a risk score to every loan prior to boarding. In addition, the company has dedicated portfolio management and analytics teams for performance monitoring.

We view Shellpoint's loss mitigation abilities as average. The company's loss mitigation website portal streamlines the application process for borrowers by providing the ability to upload documents. The website also includes status updates and payment tracking. The volume of modifications increased and performance improved compared to our prior review. For borrowers affected by COVID-19, available options are based on regulatory and investor guidelines similar to prior disaster events, including forbearance, repayment plan, reinstatement, deferral and modification.

We view Shellpoint's foreclosure and REO timeline abilities as above average. Timeline performance metrics were above average compared to peers. The company uses LoanSphere to communicate and track foreclosure milestones as well as a proprietary scorecard to monitor attorney performance.

We view the company's loan administration function to be above average. This component assessment is based on solid loan boarding and document management practices. The company successfully implemented Freddie Mac's investor reporting initiative during the review period.

We view Shellpoint's servicing stability as below average. The stability assessment incorporates New Residential Investment Corp.'s (New Residential) corporate family rating, which was downgraded to B1 from Ba3, on April 6, 2020. The rating was also placed on review for further downgrade.

Due to COVID-19, the majority of servicing employees are working remotely. Remote capabilities allow staff to access critical systems and key servicing information. Critical functions such as investor reporting, cash management and borrower interaction all can be done remotely. Shellpoint has an experienced management team and technology infrastructure to manage a remote workforce.

The framework used in this analysis was "Servicer Quality Assessments for Servicers of Residential Mortgages" published in December 2019 and available at https://www.moodys.com/research/Servicer-Quality-Assessments-for-Servicers-of-Residential-Mortgages--PBS_1122183 . Alternatively, please see the Framework list at https://www.moodys.com/research/List-of-NCRA-Frameworks--PBC_1178235 for a copy of this framework.

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

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

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