

# RatingsDirect®

---

## Servicer Evaluation: Specialized Loan Servicing

**Servicer Analyst:**

Mark J Shannon, New York + (404) 989-7655; mark.shannon@spglobal.com

**Secondary Contact:**

Steven L Frie, New York + 1 (212) 438 2458; steven.frie@spglobal.com

**Analytical Manager:**

Robert J Radziul, New York + 1 (212) 438 1051; robert.radziul@spglobal.com

---

# Servicer Evaluation: Specialized Loan Servicing

Ranking Overview				
Servicing category	Overall ranking	Subrankings		
		Management and organization	Loan administration	Ranking outlook
Residential mortgage loan primary servicer	STRONG	STRONG	STRONG	Stable
Residential mortgage loan subprime servicer	STRONG	STRONG	STRONG	Stable
Residential mortgage loan special servicer	STRONG	STRONG	STRONG	Stable
Residential mortgage loan subordinate-lien servicer	STRONG	STRONG	STRONG	Stable
<b>Financial Position</b>				
SUFFICIENT				

## Ranking Overview

### Rationale

S&P Global Ratings' rankings on Specialized Loan Servicing LLC (SLS) are STRONG as a residential mortgage primary, subprime, special, and subordinate-lien loan servicer. On Nov. 2, 2022, we raised these rankings on SLS to STRONG from ABOVE AVERAGE (see Specialized Loan Servicing LLC Servicer Rankings Raised to STRONG; Ranking Outlooks Stable published Nov. 2, 2022). As part of the ranking action, we raised our loan administration subrankings to STRONG from ABOVE AVERAGE and affirmed our management and organization subrankings as STRONG. The ranking outlook on each ranking is stable.

Our rankings reflect:

- SLS' experienced management and staff, with manageable overall turnover levels.
- The Computershare Loan Services (CLS) enterprise compliance management system and governance framework designed at the enterprise level and uniformly cascaded to SLS.
- CLS' enterprise-level direct oversight and support of key control functions, such as vendor management, information technology (IT), complaint management, and the lines of defense.
- SLS' strong internal control environment with multiple lines of defense, enterprise risk management and analytics, and systems automation to support each function.
- SLS' well-designed IT infrastructure, applications, and controls surrounding cybersecurity.
- SLS' servicing performance metrics, which are generally competitive against its peer group.
- SLS' good focus on systems and workflow automation throughout the loan administration processes.
- SLS' solid servicing strategies for first and subordinate-lien loans, and robust default management practices and loss mitigation technology to effectively manage nonperforming, re-performing and high-risk loans.

We raised our loan administration subrankings on SLS to STRONG from ABOVE AVERAGE for the four rankings due

to the continued strength of its overall servicing performance metrics, solid loan administration servicing practices, automated workflow technology used throughout the loan administration processes, and robust default management practices employed across all its portfolio types. In addition, SLS' internal audits continue to reflect solid results and stability in the loan administration processes and the overall servicing operations.

The ranking outlook on each ranking is stable. SLS' operations are supported by the company's experienced and tenured management team, strong internal controls, robust technology environment and process workflow automation, solid default management processes and delinquency statistics, and competitive servicing performance metrics. We believe SLS will remain a capable and effective servicer of prime, subprime, special-serviced, and subordinate-lien mortgage loans.

In addition to conducting an onsite meeting with servicing management, our review includes current and historical Servicer Evaluation Analytical Methodology data through June 30, 2022, as well as other supporting documentation provided by the company.

Copyright © 2022 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.