

Reverse Mortgage Solutions Servicer Ranking Raised To STRONG; Outlooks Is Stable

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OVERVIEW

- Reverse Mortgage Solutions in our view continues to develop and enhance what we consider to be a sound servicing platform and support it with very robust technology
- We raised our ranking on the company to STRONG as a residential reverse mortgage servicer, and the outlook is stable.
- The raised ranking reflects our assessment of the company's experienced management and staff, a solid technology environment, and Reverse Mortgage Solutions' knowledge and experience in reverse mortgage administration.

NEW YORK (Standard & Poor's) April 21, 2011--Standard & Poor's Ratings Services today raised its ranking on privately owned Reverse Mortgage Solutions (RMS) to STRONG from ABOVE AVERAGE as a residential reverse mortgage servicer. The outlook is stable.

The raised ranking is based on our assessment of the company's management team which we consider to be knowledgeable and increasingly experienced, a superior and robust systems environment, and very effective internal controls. The ranking also considers our view of RMS' sound policies and procedures, astute business strategies, and proactive reaction to evolving loan type specific issues, risk aversion, and the company's overall ability to effectively administer reverse mortgage loans, particularly in the area of systems management.

RMS has been servicing reverse mortgage loans since 2007. Since incorporating, the company has, in our opinion, continued to develop and enhance its servicing platform and support it with robust technology. In addition to its

servicing operation, which we consider competent, the company offers technology and consulting services to the market and a loan origination platform that is specific to the reverse mortgage loan product. Fannie Mae has also retained RMS to manage the disposition of its entire reverse mortgage loan-related "real estate owned" portfolio, which includes all properties securing loans formerly serviced by other reverse mortgage servicers. The company also recently hired experienced staff from another company that is no longer originating reverse mortgage loans and has started a retail reverse mortgage loan origination operation.

RMS continues to manage its portfolio growth and now services more than 43,349 reverse mortgage loans with an outstanding balance of approximately \$6 billion, making RMS the industry's fifth-largest servicer of HUD-insured home equity conversion mortgage (HECM) loans. Moreover, the company expects continued managed portfolio growth.

OUTLOOK

The outlook is stable. RMS has indicated it is committed to growing its reverse mortgage portfolio and capitalizing on its senior management leadership, experienced mortgage loan administration middle management and staff, developing "bench strength," robust servicing systems, effective planning, and sound internal controls. In our opinion, the company's servicing staff has developed a solid foundation of product-specific knowledge and continues to enhance its reverse mortgage-loan administration expertise and specialized customer service. We expect management to continue helping its existing staff grow and prudently add personnel as its reverse mortgage portfolio grows.

RELATED CRITERIA AND RESEARCH

- Servicer Evaluation Ranking Criteria: U.S., published Sept. 21, 2004.
- Revised Criteria For Including RMBS, CMBS, And ABS Servicers On Standard & Poor's Select Servicer List, published April 16, 2009.
- Select Servicer List.

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