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## Reverse Mortgage Solutions Servicer Ranking Affirmed At STRONG; Outlook Is Stable

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OVERVIEW

- Standard & Poor's Ratings Services believes Reverse Mortgage Solutions continues to develop and enhance a very sound reverse mortgage servicing platform, supporting it with very robust technology.
- We affirmed our ranking on the company at STRONG as a residential reverse mortgage servicer; the outlook remains stable.
- The affirmed ranking reflects our assessment of the company's experienced management and staff, a solid technology environment, more experienced staff and Reverse Mortgage Solutions' knowledge and experience in reverse mortgage administration.

NEW YORK (Standard & Poor's) March 28, 2013--Standard & Poor's Ratings Services today affirmed its ranking on Reverse Mortgage Solutions (RMS) at STRONG as a residential reverse mortgage servicer. The outlook is stable.

The affirmed ranking is based on our assessment of the company's management team, which we consider to be very 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, default management, 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, we believe it has continued developing and enhancing its servicing platform,

supporting it with solid technology. In addition to its servicing operation, which we consider competent, RMS 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 retained RMS to manage the disposition of its entire reverse mortgage loan-related real estate owned (REO) portfolio, which includes all properties securing loans formerly serviced by other reverse mortgage servicers. It continues to add experienced mortgage staff.

RMS continues to manage its portfolio growth, and now services more than 88,400 reverse mortgage loans with an outstanding balance of approximately \$14.5 billion, making RMS the industry's fourth-largest servicer of HUD-insured home equity conversion mortgage (HECM) loans. Moreover, the company expects continued managed portfolio growth.

Strengths:

- Robust systems environment;
- Very sound senior management experience;
- Sound risk management;
- Effective training environment; and
- Satisfactory default management.

Weakness:

- Some staff still have minimal company tenure.

OPINION

Our residential reverse mortgage loan servicer rating for Reverse Mortgage Solutions, a wholly owned subsidiary of Walter Investment Management Corp., is STRONG.

OUTLOOK

The outlook is stable. RMS is committed to expanding its reverse mortgage portfolio and capitalizing on its senior management leadership, experienced mortgage loan administration middle management and staff, continue to develop "bench strength," robust servicing systems, effective planning, and sound internal controls. We believe it has responded to the rise in foreclosures and developed an effective default management program. We believe its servicing staff--many well-versed in traditional, forward-mortgage loan servicing when hired--have developed a solid foundation of specific knowledge and continue to enhance RMS' reverse mortgage-loan administration expertise, default management and specialized customer service.

RMS recently launched Home Equity Reverse Mortgage Information Technology (HERMIT). The new system will improve the processes associated with reverse mortgage endorsement, servicing and claim processing within the Department of Housing and Urban Development and create an enhanced service provider platform. RMS' asset management division continues to offer asset management/real estate owned (REO) management for others including Fannie Mae.

The company offers training programs that focus on specialized departmental servicing issues and overall reverse mortgage servicing training. In our view,

RMS has sound compliance and quality control programs, has effective internal audits, and maintains robust oversight of the unique requirements of reverse mortgage servicing. As part of its efforts to maintain high levels of oversight, a SSAE16 (formerly known as SAS 70) audit report was completed in 2009, which indicated no significant deficiencies within RMS' operation. The company is planning for another SSAE16 to be conducted in 2013. RMS has also obtained National Institute of Standards and Technology and Capability Maturity Model certifications. We believe RMS will continue to enhance its reverse loan servicing environment, expand its portfolio, develop new technologies, and remain a very active participant in the residential reverse mortgage market.

RELATED CRITERIA AND RESEARCH

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

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