

Fitch Affirms Selene Finance LP's U.S. RMBS Servicer Ratings

Written by Australian Business

NEW YORK--([BUSINESS WIRE](#))--Fitch Ratings has affirmed the U.S. residential mortgage servicer ratings for Selene Finance LP (Selene) with a Stable Outlook as follows:

--U.S. residential primary servicer rating for subprime product at 'RPS3+';

--U.S. residential primary servicer rating for prime product at 'RPS3+';

--Special servicer rating at 'RSS3+'.

The rating affirmations and Stable Outlook reflect Selene's strength as a high touch servicer, integrated technology systems to support servicing initiatives, and continued developing internal controls.

Selene maintains a low number of accounts per full-time equivalent (FTE) allowing for focused servicing of distressed assets. Selene's mortgage specialists in collections and loss mitigation effectively act as the single point of contact with the borrowers. Selene manages a low level of accounts per FTE, which enables the company to effectively manage its distressed asset portfolio.

The ratings also take into account the servicer's evolving business strategy. While Selene continues its high touch-servicing model, Fitch will continue to monitor the company in the near term to review progress of upcoming initiatives related to sustaining its strategy for portfolio growth.

The ratings also take into consideration the financial condition of Selene, a non-Fitch rated entity, as financial condition is a component of Fitch's servicer ratings.

Finally, the ratings also reflect Fitch's overall concerns for the U.S. residential servicing

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industry, which include the ability to maintain high performance standards while addressing the rising cost of servicing and changes to industry practices mandated by regulators and other parties.

Selene Holdings LLC is the parent company of Selene and is owned by Selene Investments LLC (31.33%), Witmer Selene Investors LLC (34.335%), and Hyperion Residential Mortgage Services LLC (34.335%). The company acquired the special servicing subsidiary of Aegis Mortgage Corporation in September 2007. Selene's servicing operation is headquartered in Houston TX, with additional servicing sites in Horsham PA and Jacksonville FL.

As of Sept. 30, 2013, Selene serviced over 71,000 loans with an unpaid principal balance (UPB) of over \$14.4 billion. Selene's portfolio by loan volume comprised 82% government-sponsored enterprise (GSE), 13% subprime, 2% prime and 3% closed end seconds. Approximately 53% of the portfolio by loan volume is primary servicing, 16% special servicing, and 31% subservicing.

Fitch rates residential mortgage primary, master, and special servicers on a scale of 1 to 5, with 1 being the highest rating. Within some of these rating levels, Fitch further differentiates ratings by plus (+) and minus (-) as well as the flat rating. For more information on Fitch's residential servicer rating program, please see Fitch's report 'Rating U.S. Residential and Small Balance Commercial Mortgage Servicer Rating Criteria', dated Jan. 31, 2011 which is available on the Fitch Ratings web site at 'www.fitchratings.com'.

Additional information is available at 'www.fitchratings.com'.

Applicable Criteria and Related Research:

--'U.S. Residential and Small Balance Commercial Mortgage Servicer Rating Criteria' (Jan. 31, 2011).

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http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=600065

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