June 23, 2015

MSR Task Force
Conference of State Bank Supervisors
1129 20th St, NW, 9th Floor
Washington, DC 20036

**Re: CSBS' Proposed Options for Regulatory Prudential Standards for Non-Bank Servicers**

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Ladies and Gentlemen:

Shellpoint Partners LLC ("Shellpoint") is a non-bank specialty finance company that focuses on the U.S. residential mortgage market. We have assembled a group of companies to serve the complete spectrum of today's mortgage finance market. New Penn Financial, LLC ("New Penn"), Shellpoint's lending arm, offers a full menu of mortgage products including conventional, FHA/VA and non-agency products. New Penn also services approximately $25 billion in residential mortgage loans through one of its operating divisions, Shellpoint Mortgage Servicing ("SMS"). SMS is approved and active as an agency and government servicer and subservicer, and is also a well-rated primary and special servicer by the major credit rating agencies, providing servicing and subservicing in the private label securities and non-agency portfolio markets for a wide range of clients. SMS is licensed as required to operate in all 50 states plus the District of Columbia.

Shellpoint is strongly committed to a balanced mortgage finance system that includes the FHFA and GSEs, Ginnie Mae and HUD, and the restoration of a vibrant, scalable private-label securities market. Shellpoint commends the Conference of State Bank Supervisors' (CSBS) proposed framework for prudential regulation (the "Proposal") of independent mortgage or non-bank servicers. This is a critical topic as the housing industry continues to try to find a healthy, sustainable footing and equilibrium post-financial crisis, and we appreciate the opportunity to provide feedback to the CSBS on the Proposal, particularly since the Proposal would impact SMS directly.

Shellpoint strongly supports the Mortgage Bankers Association (the "MBA") in its comment letter regarding the Proposal. We join the MBA (of which our organization is a member) in supporting the CSBS in its efforts to evaluate the state of and need for regulation of non-bank servicers, and understand the importance of non-bank servicer activities to the CSBS constituency. However, like the MBA, we believe that the regulatory framework and oversight requirements applicable to non-bank servicers and implemented or reinforced over the course of recent years create a complex but effective set of rules that achieve their prudential purposes. Non-bank servicers must adhere to standards set and oversight or audit by entities that include the CFPB, HUD/Ginnie Mae, FHFA/GSEs, state licensing entities, and private label securitization participants (including trustees, investors and credit rating agencies). Servicing eligibility and oversight dynamics include financial, operational and performance components that are subject to initial and ongoing monitoring, with significant, meaningful and enforceable ramifications for non-compliance. We concur with the MBA that a patchwork regime of undefined or inconsistently interpreted standards could – and in fact, would – make it extremely difficult, and potentially impossible, for a multi-state licensed servicer to understand its obligations, establish and evolve its current and future business model, and comply with its responsibilities for the benefit of the industry and the consumer alike.

We also concur with the MBA that the Proposal does not appear to protect a direct taxpayer or systemic financial stability interest in the same manner as prudential bank regulation. Independent or non-bank mortgage servicers are highly unlikely to create systemic risk because, among other things, they generally do not serve as financial intermediaries, control insured deposits or access the Fed's discount window. Additionally, such servicers generally have a lower risk profile due to simple, liquid, short duration balance sheets. Finally, the failure of any non-bank mortgage servicer – or even servicers, in the event of a future crisis – can effectively be managed under current legal and contractual mechanics.

We would like to encourage a robust dialogue between the CSBS and the MBA with respect to the MBA's comment letter. We believe that the letter does an excellent job in addressing the concerns and position of entities like ourselves whom the Proposal would squarely impact. We would also be happy to discuss our views on the Proposal with you directly if doing so would be helpful in your evaluation process. We feel that we are in a particularly relevant position to comment on the Proposal, given our standing as a sizeable, growing non-bank agency, government and non-agency servicer and an actively engaged participant in housing finance reform efforts. Continued discussions of this nature will surely benefit your constituent states, the consumer and the industry participants alike, and we look forward to the opportunity to work with you to this end. Please do not hesitate to contact us at our respective email addresses or phone numbers listed below.

Sincerely,

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