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Fitch Affirms Aurora's U.S. RMBS Servicer Ratings Ratings

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Fitch Ratings-New York-18 December 2009: Fitch Ratings affirms the U.S. residential primary servicer ratings for Aurora Loan Services, LLC (ALS) as follows:

- U.S. Residential primary servicer rating for Alt-A product at 'RPS3+';
- U.S. Residential primary servicer rating for Subprime product at 'RPS3';
- U.S. Residential special servicer rating at 'RSS3';
- U.S. Residential master servicer rating at 'RMS3+'.

The primary servicer ratings are based on ALS' experienced management team, strong technology platform, and focused default management practices. The master servicer rating is based on ALS' effective master servicing experience, strong primary servicer oversight, and solid use of technology. The ratings also reflect the continued financial pressure of ALS' parent, Aurora Bank FSB (Aurora). Fitch does not publicly rate the credit or financial strength of ALS or Aurora. However, Fitch has reviewed Aurora's financial statements as the financial condition is an important component of Fitch's Servicer rating analysis. In addition, the ratings were determined in accordance with Fitch's criteria 'Rating U.S. Residential Mortgage Servicers' and 'Global Rating Criteria for Structured Finance Servicers'.

Headquartered in Littleton, Co, ALS also maintains servicing sites in Scottsbluff, NB and Indianapolis, IN. Also, since Fitch's prior review, ALS opened a site in St. Louis, MO to handle inbound customer service calls. As of Sept. 30, 2009, Aurora primary serviced 429,216 loans with a UPB of nearly \$102 billion. The current portfolio is comprised of 60.5% Alt-A, 1.4% subprime, 7.8% prime (excluding GSE), 4% FHA/VA/GSE, and 26.4% Alt B, SBA, and Scratch & Dent product. As of Sept. 30, 2009, ALS' master servicing portfolio was comprised of nearly 722,000 loans totaling over \$159.3 billion.

ALS continues to enhance its staff, technology, and processes to maintain effective management of its primary and master servicing operations. During the year the servicer expanded its training programs, increased its staff, primarily in its default management areas, and implemented additional loss mitigation and collection applications to manage increased modification volumes. Still, the company's collection call metrics for hold times and abandonment rates became excessive; however, at the time of the Fitch review these metrics were coming back in line with the company's target goals.

Fitch's recently completed operational review confirmed that ALS continues to maintain a scalable servicing platform with the appropriate staff, technology, and default management and loan administration processes to manage its primary and master servicing operations. Fitch will continue to monitor ALS' ability to effectively handle delinquent calls and its overall ability to maintain servicing performance in a high delinquency environment.

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 Mortgage Servicers' dated Nov. 29, 2006 and 'Global Rating Criteria for Structured Finance Servicers' dated Sept. 30, 2009, which are available on the Fitch Ratings web site at 'www.fitchratings.com'.

Contact: Stephanie Whited +1-562-481-1368, Mary Kelsch +1-212-908-0563, or Diane Pendley +1-212-908-0777, New York.

Media Relations: Sandro Scenga, New York, Tel: +1 212-908-0278, Email: sandro.scenga@fitchratings.com.

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

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