

Morningstar Credit Ratings, LLC

4 World Trade Center, 48th Floor
150 Greenwich Street
New York, NY 10007

Telephone: +1 800 299-1665
Facsimile: +1 646 560-4523

Morningstar Affirms MOR RV1 Residential-Vendor Ranking for Vervent as a Consumer Finance Servicer

February 18, 2020— Morningstar Credit Ratings, LLC (DBRS Morningstar) today affirmed its MOR RV1 residential-vendor ranking for Vervent (formerly First Associates Loan Servicing, LLC). The forecast for the ranking remains Stable.

Vervent provides third-party loan and lease servicing for originators and institutional investors. The company was founded in 1986 as First Associates Mortgage Corp. Current management acquired the company in 2008 and rebranded it as First Associates Loan Servicing, LLC after restructuring the organization. In 2019, First Associates was acquired by Stone Point Capital, LLC, a private equity firm focused on financial services companies, merged the company with Portfolio Financial Servicing Company (PFSC), and rebranded the integrated entity as Vervent.

Vervent services a wide assortment of loans, leases, and other debt obligations, including unsecured consumer loans, credit cards, purchase finance loans and leases, auto loans and leases, power sports loans and leases (motorcycle, all-terrain vehicle, boat), student loans, debt-consolidation loans, solar energy financing, elective medical-procedure financing, and small-business loans. The company is headquartered in San Diego with additional operation centers in Portland, Oregon, and Tijuana, Mexico. Vervent also offers call center support, back-up servicing, document custody, document verification, treasury services, and other administrative services.

DBRS Morningstar affirmed the ranking based on a variety of factors, including the following:

- Vervent continues to expand to meet the needs of its growing client base. It has expanded its call center support service to help clients service loans and leases on client-managed servicing platforms. The call center services also include support for customer service, delinquency management, lead generation, and technical support.

- The company's enterprise risk management strategy includes consumer finance compliance protocols, internal audit, self-risk assessment protocols, quality assurance, call monitoring scoring and feedback, a robust vendor-management oversight program, and platformwide artificial intelligence that analyzes all inbound and outbound voice communication.
- Vervent has a dedicated training team with an extensive training and compliance curriculum that focuses on new hires and providing employees with a continuous learning environment. It also has policies and procedures to ensure employees perform in accordance with company expectations and industry best practices.
- The company engages a third-party auditing firm to produce a Service Organization Control 1 audit report annually. The most recent review contained no adverse findings.
- Call center metrics, portfolio volume growth, strong client diversity, and minimal client turnover demonstrate that Vervent has an effective servicing platform.
- The company benefits from a strong technology environment that includes a customized third-party consumer finance servicing system, a well-defined project-management process, a layered network-security strategy, and disaster-recovery and business-continuity plans that leverage the company's cloud-based infrastructure, multiple locations, and back-up locations for geographic data redundancy and processing.

Morningstar's operational risk assessment methodology and all published reports are available at www.morningstarcreditratings.com.

DBRS Morningstar rankings, forecasts, and assessments contained in this rankings announcement are not assessments of the creditworthiness of an obligor or a security and thus are not credit ratings subject to NRSRO regulations.

Analytical Contact:

Monte Bays, +1 646 560 4536 or monte.bays@dbrsmorningstar.com

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