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## GMAC Unveils Third-Party Master Servicing

BY TED CORNWELL

**G**MAC Mortgage, Horsham, Pa., is offering third-party master servicing to the industry. GMAC said that the new service is being offered through an alliance between GMAC Mortgage's subservicing business and GMAC-RFC master servicing.

Tom Donatucci, a senior vice president at GMAC Mortgage, told *NMN* that the service will leverage the company's growing business as a primary subservicer of home loans.

"A number of our Wall Street subservicing clients were also frequent users of master servicers in the marketplace, so we will be able to leverage off an existing client base that is comfortable with us," he said.

Over the past couple of years, GMAC has moved up the rankings from being the seventh largest subservicer to become the largest subservicer of home loans.

In 2006, GMAC Residential Holding Co. increased its subservicing volume by 58%, ending the year with \$61.5 billion of subservicing volume.

"We have obviously been very much focused on expanding our presence in the core subservicing business over the past couple of years. I think we have raised the bar in terms of the services that are being offered in the marketplace." He noted that GMAC-RFC already acts as a master servicer to support its own whole loan and securitization activities, and the company receives top marks in that category from the rating agencies.

He said that GMAC was intrigued by opportunities to offer third-party master

servicing, in part, because there are not that many competitors in the space. Among the other firms that offer third-party master servicing are Wells Fargo, U.S. Bancorp and LaSalle Bank.

The GMAC-RFC master servicing platform is located in Burbank, Calif., and managed by Darsi Meyer.



**TOM DONATUCCI**, SVP at GMAC Mortgage, says his company's mantra is "timely and accurate" service.

Mr. Donatucci said that expertise from the GMAC Mortgage side of the house will support the GMAC-RFC team in Burbank. GMAC and GMAC-RFC have extensive experience with a breadth of loan products and deal structures, including prime, non-prime, scratch-and-dent and distressed loans, as well as new loan products such as interest-only, payment-option ARMs and hybrid loans.

In preparation for launching the third-party master servicing offering last March, he said the company created a separate version of its technology with a wall to keep the loan data of clients separate from GMAC's own loan data. In addition, GMAC had to build out reporting capabilities to support third party users. GMAC master servicing clients are provided

transparent data, at both the loan level and deal level, the company said. While demand for master servicing suffers when the flow of loan securitization deals slow, as it has in today's market, Mr. Donatucci believes the long-term trend is toward growth in the third-party master servicing business. In part, that's because the volatility in today's mortgage industry is making it more likely that investors will want to have a master servicer overseeing the work of primary servicers who interact with mortgage borrowers.

"There is a keener sense of demand for master servicers as we are seeing companies declare bankruptcy and become challenged financially," he said. "We are looking out for the investors' best interests and making sure everything specified in the deal contract is executed," Ms. Meyer said.

When loans in default are transferred to a special servicer, the master servicer also oversees their work to ensure the special servicer is doing everything required to recoup funds for the investor.

Master servicers are also responsible for ensuring that servicing is transferred to another party if a primary servicer fails or is removed for failing to meet obligations. In GMAC's case, because the company already has a large and highly rated subservicer, Mr. Donatucci said that gives investors confidence that servicing will not be interrupted.

He said the company's mantra is "timely and accurate" service, because today's investors are looking for a master servicer who can enhance the stability of a securitization transaction.