

JAMES

BURKEEN

2/1/10

36 CFR 1256.56 - Privacy

- ✓ quantity took precedence over quality
- ✓ novice reviewers
- ✓ perform specific tests to help buyers determine how much to pay for a pool of loans
- ✓ investors only wanted minimal testing
- ✓ The client drives the process
- ✓ as levels of default increased and fraud in subprime loans grew - the Wall Street firms grew to invest software designed to protect those risks by charging higher interest rates, extra fees and penalties for paying off mortgages early
- ✓ JANA Lujan - Clayton Reviewer
- ✓ loans w/o documentation would be sold at a slight discount.
- ✓ CHARGE FEES CATEGORIES  
Changed the way fees were paid so they would not be disqualified and red flagged as predatory
- ✓ Complained to Clayton

✓ date sheets - quick checks on loan files

✓ appraisals looked inflated

✓ liar loans

✓ Known employee w/ \$5,000 @ mo

✓ marked as unacceptable - overruled by supervisors

✓ "can't call these people liars" - lead supervisors

Ed Peck - a Clayton Supervisor

✓ loan buyers bot rejected loan anyway