

Financial Crisis Inquiry Commission
Testimony of Jay Jeffries
Former Southwest Regional Sales Manager, Fremont Investment & Loan
September 8, 2010

Career in Mortgage Industry:

2007 -2008 Regional Sales Manager Decision 1 Mortgage/HSBC Bank
2004 -2007 Regional Sales Manager Fremont Investment & Loan
2000- 2004 RVP Countrywide Home Loans
1997- 2000 VP Regional Sales Director NCS Mortgage Services
1990- 1997 AVP/Branch Manager Norwest Financial

How FIL generated sales in Las Vegas, the State of Nevada, and the Southwest Region:

Thru relationships developed by Account Executives with Mortgage Brokers and Bankers.

Loan products sold by FIL and how they changed from 2004 through 2007:

Loan products available were 2/28 and 3/27 ARMS, as well as fixed rate 15 and 30 year mortgages. Loan to type 80/20 or 100% financing were available from 2004 to late 2006 as the market began to deteriorate Loan to Values (LTV) became more restrictive as did guidelines for U/W. These loans were considered to be Alt-A and Subprime loans. Documentation type was Full Doc, Alt Doc and Stated Income loans.

The process by which FIL underwrote loans:

All loans for the SW Region were underwritten centrally in Anaheim, CA. Broker/Bankers overnighted or emailed loan packages to FIL for Underwriting. Loan was either approved or denied and Broker/Banker notified as to what the conditions would be to fund the loan.

How Brokers, AE's and RSM's were compensated at FIL:

Brokers were compensated by FIL thru Yield Spread Premium (YSP). AE's were compensated with forgivable draw against commission based on the amount of volume they generated. RSM's were given a base salary plus bonus based on the amount of volume their AE's generated.

Connection in mortgage industry between Main Street and Wall Street:

In my opinion Wall Street created the market utilizing Mortgage Backed Securities (MBS) as an investment vehicle. The mortgage industry supplied the Wall Street banks with pools of loans to be packaged up and sold to investors as MBS. With low interest rates and a growing economy most regions of the US were showing vast increases in appreciation of their homes. Borrowers were purchasing and refinancing loans at an aggressive pace. As history shows, you can only sustain this type of growth and appreciation for so long. As the market came to a screeching halt Wall Street banks left the mortgage industry and American people holding the bag.

Views on rules and regulations regarding mortgages that are needed to prevent the next crisis:

In my opinion, new rules and regulations are already in place to try and prevent another crisis in the mortgage industry.