3-4-2010

FCIC memo of staff interview with Irma Aninger, Clayton Holdings LLC 1

Irma Aninger

Troy Burrus

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Investigative Material

MEMORANDUM FOR THE RECORD - MFR

EVENT: Interview with Irma Aninger

TYPE OF EVENT: Phone Interview

DATE OF EVENT: March 3, 2010; 1:25-2:10

TEAM LEADER: Troy Burrus

LOCATION: Phone from FCIC

PARTICIPANTS- NON-COMMISSION: Irma Aninger

PARTICIPANTS- COMMISSION: Troy Burrus

MFR PREPARED BY: Troy Burrus

DATE OF MFR: March 4, 2010

This is a paraphrasing of the interview dialogue and is <u>not a transcript</u> and should not be quoted except where clearly indicated as such.

<u>Summary of Interview</u>
On Wednesday, March 3, 2010, I spoke to Irma Aninger, a former contractor for Clayton Holdings, Inc. (CHI), regarding her work at CHI. I identified myself to her as an agent working on behalf of the Financial Crisis Inquiry Commission (FCIC). I asked her if she would be willing to speak with me regarding her experiences at CHI. She agreed and provided the following information:

1. 36 CFR 1256.56 - Privacy [redacted] She is a former contractor for CHI. She has extensive experience working in the loan underwriting industry. She worked for CHI from 1995 through 2002. She had prior underwriting experience with other firms in California. When she started there in 1995, they only hired people with five years previous experience in the underwriting business.

2. She worked as an underwriter and also as a quality control (QC) person at CHI. She never supervised anyone during her tenure with CHI. The work process changed during her employment. CHI developed a computer software program (CLAS) to process the loan packages. She received some training on how to use the program. She received no formal training in underwriting from CHI, since she was an experienced underwriter. Starting in 2000, new underwriters were given a two week training course. All of the information was to be entered into the computer program so that the loans could be processed. She was never told how many loans to process in a day. It usually took her 30 to 45 minutes to do one loan. She usually worked at the sellers' job site. When you arrived at the site, the computers would be setup and connected to a server. Information would be downloaded from the server to the computers so you could review it, along with other paper documents. You would then input the information into CLAS. Based on this information, you would make a determination on the loan, either accepted or declined.

3. Before subprime loans, the market was much different. The loan documents were entirely paper. There were standards (i.e. 20 percent down payments, wage and income verification, etc.) applied to all of the loans. Loans that did not meet these standards were declined outright. If someone did not have a 20% down payment, then you had to have PMI. The underwriters knew each other and had solid qualifications. When the subprime mortgages started most of these standards were waived. They were flooded with loans and CHI started hiring people who had limited education and minimal training. The volume increased from 100 loans per job to 27,000 loans per job in some cases. Also, the work hours increased substantially. The typical work day was at least ten hours. Each job had a lead person who ran the job. They were paid a bonus if the job was completed early. Quality suffered as the work hours increased. Work conditions were less than ideal. On one job for New Century they had thirty underwriters in a very small room, basically sitting on top of each other. CHI did not pay overtime at first and got into trouble for not doing so. She never spoke to any of the lenders or borrowers. All communications went through the lead at the site.

4. She would analyze the documents, input the information into the computer and then based on the data mark the loan as approved or declined. If it was declined, the reasons for the declination would be noted to the file. She never knew what happened to the loans once she completed her work on them. She saw loans that had inflated appraisals, inflated wages and earnings. She would mark these as declined and notate the reason. She was not given any tools to research issues with the loans. About thirty percent of the loans she saw were bad or fraudulent. The lead on the job would be the one who made the decision about whether a loan would ultimately be approved. She was told by [redacted] 36 CFR 12 once that you could not accuse someone of fraud since they had signed the forms under penalties of perjury that they were true and correct.

5. When she worked as a QC, her job was to review the input done by the underwriters. She would look for input errors regarding dates and numbers. She scrutinized the work of the less experienced underwriters more heavily. Any mistakes she found, she would correct. Then she would forward it on to the lead for a final determination. As a QC you did not change the status of a loan (from accept to decline or vice-a-versa).

6. CHI had rampant nepotism within the management ranks. Most of the QC and lead personnel were related to each other. [redacted]

   36 CFR 1256.56 - Privacy

7. She also worked for Pennfund and Quickloan Funding. At these firms, 100 percent of the loans were fraudulent. They were mostly straw buyer loans with inflated appraisals that were intended to be flipped. The Orange County California register has numerous articles and stories about Quickloan Funding. The owner, Daniel Sadey was grossing $5 million a month and had approximately 700 employees. She also worked for Countrywide, which had issues. They had no original documents to review, only copies. The documents were also in disarray and difficult to review. They spent hours trying to sort them out and determine what was missing or incomplete. Many of the loans during 2000 through 2002 were “Ninja Loans”. This stands for No Income, No Job or Assets loans. She could not believe that these loans were being bought and sold by companies. When you asked for additional documents, you did not get them. Towards the end, the loans became so poor that buyers started sampling the entire pool of loans. In the past they would only sample about twenty percent of the loans.

8. She no longer works in this industry due to the crisis. With all of the defaults and foreclosures there is no market for loan underwriters. She had over twenty-five years experience in underwriting.

9. I thanked her for the information she provided. I told her that if she thought of anything else to please give me a call. The interview terminated at this point.

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