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### FCIC memo of staff interview with James Burkeen (Interview on February 1, 2010)

James Burkeen

Tom Krebs

Courtney Mayo

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Event: Interview with James Burkeen, former contractor for Clayton Holdings

Type of Event: Informational interview

Date of Event: February 1, 2010

Team Leader: Tom Krebs

Participants – Non Commission: James Burkeen

Participants – Commission: Tom Krebs

MFR Prepared by: Courtney Mayo

Date of MFR: Created from Tom Krebs' notes on December 2, 2010

Notes from the Interview:

- 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 trust software designed to offset those risks by charging higher interest rates, extra fees and penalties for paying off mortgages early
- Jana Lujan – Clayton Reviewer
- Loans without documentations would be sold at a slight discount
- Change fee categories changed the way fees were paid so they would not be disqualified and red flagged as predatory
- Complained to Clayton
- Appraisals looked ***infected***
- Liars Loans
- Ed Peek – a Clayton supervisor
  - Loan buyers bought rejected loans anyway