

THE FINANCIAL CRISIS INQUIRY REPORT INDEX

- Abacus 2004–1, 143, 145
Abacus 2007–1, 192–193, 247
ABS East conference, 157
ABX index, 190–191, 195, 233, 235, 238, 242, 364
ACA Capital, 190, 193
Accountability
 increasing sloppiness in mortgage paperwork, 11
 mortgage lending fraud, 14
 systemic breakdown in, xxii
Accountant firms, 122
Accounting practices
 AIG valuation, 271–272
 AIG-Goldman dispute over CDO, 269–270
 collapse of subprime lenders, 75
 GSEs' capital shortfall, 319
Lehman Brothers, 324–325
mark-to-market rules, 47, 226–227, 234, 239, 253, 263, 277, 445
Adams, Stella, 21
Adelson, Mark, 131
Adjustable-rate mortgages (ARMs), 90, 104, 409, 423
 delinquency, 216
 hybrids, 105–106
 increasing popularity of, 6–7, 85
 mechanism of, 42
 mortgage-securities entanglement, 11
 option ARMs, 106–109
 savings and loan crisis, 34
Wachovia's liquidity concerns, 366
See also Option ARM loans
- Adverse market conditions, 74–75
Affordable housing, 40–41, 97–99, 183–186
African Americans: jobless rate, 391
Agosta, Jeff, 394
Aguero, Jeremy, 393
AIG Financial Products, 139–142
Alex Brown & Sons, 53
Alix, Michael, 282, 285, 290
Allianz, 348
Ally Financial, 225
Alt-A securitization, 104–105, 122–125, 165, 216, 219, 227
Alvarez, Scott, 93, 96, 296, 342, 435
Alwaleed bin Talal, 302
Ambac, 276
American Bankers Association, 13, 21
American Home Mortgage, 251
American International Group (AIG)
 bailout, 347–351, 432–433
 CDO structuring, 132, 139–142, 200–202
 credit default swaps, 50
 failure triggering crisis, xvi
 financial crisis and bailout, 376–379
 Goldman dispute over subprime losses, 265–274
 government rescue, 23
 lack of concern over subprime-mortgage failure, 243–244
- liquidity failure, 345–347
liquidity puts, 139
Merrill Lynch's CDO tranches, 204
over-the-counter derivatives, xxvi
payment to AIG counterparties, 377(*fig.*)
risk management, xix
systemic risk after Bear Stearns collapse, 300–301
TARP, 376
Ameriquest, 8, 12–13, 89, 164, 423
Andrukonis, David, 179–180
Antoncic, Madelyn, 18–19
Appraisals, inflated, 91–92
Arbitrage, 99–100
Archstone Smith trust, 176–178
Arizona: mortgage delinquency, 215, 393
Arthur Andersen, 122
Ashcraft, Adam, 348
Ashley, Stephen, 184
Asset-backed commercial paper (ABCP) programs
 BNP Paribas SA loss, 250–252
Countrywide, 248–250
expanding use of, 113–114
IKB as casualty, 246–248
latent subprime exposure, 246
money market funds, 253–255
SIVs, 252–253
Asset-backed securities, 45(*fig.*)
Associates First, 92

- Athan, Tom, 244, 268–269
 Auction rate securities (ARS), 277–278
 Australia
 house price appreciation, 2002–2008, 415 (fig.)
 housing bubble, 415–416
 Automobile manufacturers, 375
 Automotive Industry Financing Program, 375
- Bacon, Kenneth, 184
 Bailey, Kevin, 317
 Bailouts
 AIG, 344–351, 432
 controversy over Lehman Brothers collapse, 433–435
 Fannie Mae/Freddie Mac, 321–322
 savings and loan crisis, 36–37
 “too big to fail” principle, 37, 57–58
 Bair, Sheila C., 11, 64, 79, 306, 369, 373–374
 Baker, Dean, 23–24
 Bakersfield, California, 14, 391
 Balloon mortgages, 34
 Bank of America
 acquisition of Countrywide, 22
 agencies’ peer group study of mortgage practices, 172
 Bear Stearns toxic hedge funds, 239
 consolidation and growth of banks, 53
 Countrywide’s ABCP loss, 250
 CRA-qualifying portfolio, 220
 credit default swaps, 50, 192
 financial crisis, 382–386
 financial sector growth, 65
 GSE delinquent loans, 225
 Lehman Brothers collapse, 336, 434
 litigation over delinquencies, 226
 money market funds, 254
 mortgage fraud, 162
- mortgage-backed securities
 market losses, 256
 nontraditional loans, 20
 See also Investment banks
- Bank runs, 250, 354–355, 367
 Bankers Trust, 47, 53
 Banking
 bank failure affecting commercial real estate market, 398
 big bank bets and bank failures, 427–431
 dismantling Glass-Steagall, 52–56
 failure numbers, 401
 financial fallout from recession, 393–394
 savings and loan crisis, 34–37
 See also Commercial banks; Investment banks
- Barber, Mark, 396–397
 Barclays, 335
 Barker, Randolph, 198
 Barnes, Murray, 261–263
 Basel International Capital Accords, 49, 151, 171–172
 Basis Yield Alpha Fund, 237
 Bass, J. Kyle, 19–20, 148, 288
 Baxter, Tom, 321, 336–339, 342, 379
 BBB-rated securities, 127–128, 131, 194
 Beal, Vicki, 166
 Bear Stearns
 BSAM role in CDO business, 134–137
 commercial real estate, 176
 CSE oversight, 153
 fall of, 280–291
 financial sector growth, 66
 government response to collapse of, xxi
 hedge fund creation, 9
 JP Morgan purchase of, 292, 431
 mortgage-backed securities market losses, 256
 regulators’ concerns over failure of, 293–295
 risk concentration, 22
 risk exposure of hedge funds, 238–242
- synthetic CDOs, 193
See also Investment banks
- Bear Stearns Asset Management (BSAM), 134–137, 221–222, 238, 262–263
 “Bear Stearns Light” liquidity scenario, 297
 “Bear Stearns” liquidity scenario, 297
 Beneficial Mortgage, 75
 Bensinger, Steven, 243, 273
 Bernanke, Ben
 acknowledging housing market drop, 17
 Bear Stearns’ collapse, 290–291
 Bear Stearns’ toxic hedge funds, 241
 BofA-Merrill Lynch merger, 383
 concerns over Lehman’s liquidity, 330
 consumer advocates’ concerns about mortgage lending, 21
 credit rating agencies’ role in CDO structuring, 149
 delinking Fed interest rate hikes and real estate bubble, 103
 Fed-Lite, 55
 Fed’s failure of housing regulation, 3
 financial crisis of 2008, 354
 global capital flows, 420
 housing bubble, 159
 housing prices leading to nontraditional lending products, 423
 lack of concern over housing bubble, xxi
 Lehman collapse, 339–342, 433–435
 measuring investment bank liquidity risk, 297
 monetary policy contributing to credit bubble, 421
 mortgage fraud, 15–16
 predatory lending practices, 95
 recession of 2001, 84

- refusal to believe in housing market crash spillover, 22
- run on Goldman Sachs, 362
- small businesses' losses during recession, 395
- TARP, 372–374
- underestimating magnitude of systemic risk, 27, 229
- underestimating the housing bust, 227
- See also* Federal Reserve
- Bies, Susan, 15–16, 20–21
- Bisenius, Donald, 315
- Black, Dennis J., 17–18
- Black, William K., 15, 110–111, 164
- Blankfein, Lloyd, 3, 63, 236–237, 362, 376
- Blinder, Alan, 31
- Blow up risk, 238
- BNP Paribas SA, 139, 250–252
- BNY Mellon, 283–284, 295, 355, 361–362
- Bookstaber, Richard, 196
- Born, Brooksley, 47–48
- Bowen, Richard, 19, 111, 168–169
- Braunstein, Sandra, 79, 94
- Breaking the buck, 253, 357
- Breeden, Richard, 4, 34
- Brendsel, Leland, 122
- Broderick, Craig, 140, 235, 237–238
- Brown, Lloyd, 99
- Brown, Richard, 159
- Bruce, Kenneth, 250
- Bubbles. *See* Credit bubble; Housing bubble; Mortgage bubble
- Buffett, Warren, 3, 49, 347–348, 363
- Burks, Gail, 11, 67
- Burry, Michael, 194
- Bush, George W., 9, 40–41
- Bushnell, David, 261, 263
- Bynum, Gregory, 393
- Calhoun, Michael, 90
- California delinquency, 220, 393 fallout from the crisis, 390 foreclosures, 403
- government response to economic shortfalls, 398
- mortgage delinquency, 215
- SIV losses, 255
- underwater mortgages, 404(*fig.*)
- California Reinvestment Coalition (CRC), 10, 78
- Callahan, Jim, 44, 68
- Callan, Erin, 327
- Canada: housing bubble, 158
- CanagaRetna, Sujit, 398–399
- Canavan, Sheila, 17
- Capital flows insufficient capital leading to bank failure, 428
- mortgage-backed securities losses, 256
- Capital Markets Approval Committee (Citigroup), 139
- Capital Purchase Program, 376
- Cardwell, J. Thomas, 13–14
- Carter, Carolyn, 22
- Case, Karl, 17
- Case-Shiller Index, 17
- Cash management accounts, 30
- Cash reserves, 256, 288, 394
- Cassano, Joseph, 200–201, 267–273
- Cattani, Arnold, 4, 120
- Causes of the crisis, xv big bank bets and bank failure, 427–431
- credit bubble, 419–422
- differing theories of, 414–417
- housing bubble, 422–425
- mortgage securitization, 425–427
- systemic failure through common shock, 432–433
- systemic failure through contagion, 431–432
- ten essential causes, 417–419
- Cayne, Jimmy, 282–283, 285
- Cecala, Guy, 403
- Center for Responsible Lending, 90
- Century Financial, 71
- Chanos, Jim, 234
- Charles Schwab, 226
- Chase Home Financial, 225
- Chau, Wing, 130, 132–133, 189, 203
- Checks and balances, 54
- Cheyne Capital Management, 253–254
- Chicago Board of Trade, 46
- Chicago CRA Coalition, 98
- Children, housing foreclosures and, 409
- China credit bubble, 417
- global capital flows, 419–420
- GSE securities, 321
- Christie, Chris, 399
- Cioffi, Ralph, 8–9, 135–136, 238–240
- Cisneros, Henry, 76
- CIT Group Inc., 396
- Citibank Fannie Mae involvement in housing bubble, 179
- Maiden Lane payments, 376–377
- Citicorp: deregulation of bank consolidation, 54
- CitiFinancial, 20, 68, 93
- Citigroup agencies' peer group study of mortgage practices, 172
- Ameriquest acquisition, 164
- Bear Stearns' toxic hedge funds, 239–240
- CDO losses, 129, 195–200
- CDO structuring, 131–132
- commercial banks' 2007 downturn, 302–304
- consolidation and growth of banks, 53
- credit default swaps, 50
- deregulating bank consolidation, 54
- due diligence and disclosure, 168–170
- expansion of, 92–93
- failure to control excesses, xviii
- failure to heed warning signs, 19
- financial crisis, 379–382
- financial sector growth, 65
- lending violations, 84
- liquidity puts, 137–139, 196

- Citigroup (*continued*)
 mortgage securitization, 71, 90
 mortgage-backed securities
 market losses, 256
 raising capital after Bear Stearns collapse, 302
 reducing subprime exposure
 through CDS, 234
 2007 subprime exposure level, 260–265
 Wachovia acquisition, 369–370
 warehouse lending, 113–118
- Civil rights, 106
- Clark, Timothy, 317, 328
- Clarke, Vaughn, 122
- Clarkson, Brian, 150, 208–209, 221
- Clawback provisions, 198
- Clayton Holdings, 166–168
- Clearing banks, 283–284
- Cleveland Ohio: predatory lending practices, 9–10
- “Climbing the Wall of Subprime Worry” report, 223–224
- Clinton, Bill, 9
 affordable housing, 40–41
 Commodity Futures Modernization Act, 48
 CRA lending, 74
 Gramm-Leach-Bliley Act, 55
 HOEPA, 76
- Cloutier, C.R., 395
- CMLTI 2006-NC2, 71, 115, 115(fig.), 116, 116(fig.), 121, 132–133, 145, 402
- Coffey, Kevin, 346
- Cohen, H. Rodgin, 334, 336–337
- Cohn, Gary, 237
- Cole, Roger, 302, 307, 379
- Collateral call, 266
- Collateralized debt obligations (CDOs), xxiv, 425–426
 AIG dispute with Goldman over, 265–274
 AIG involvement, 139–142, 200–202
- Bear Stearns’ asset management business, 134–137
 Bear Stearns’ collapse, 281
- Bear Stearns toxic hedge funds, 238–239
- Citigroup liquidity puts, 137–139
- Citigroup’s synthetic CDOs, 195–200
- Consolidated Supervised Entity program, 151–154
- creating demand for lower-rated tranches, 127–128
- creation and expansion of, 129–134
- downgrading, 228–230
- due diligence and disclosure, 170
- end of the boom, 214
- Goldman Sachs, 140, 235–238
- housing boom repackaging, 8
- housing entanglement in securities market, 8–9
- leverage, 134
- managers’ response to the madness, 189–190
- mechanism of, 128(fig.)
- Merrill Lynch, 202–204
- Moody’s 2007 downgrade, 223–224
- Moody’s role in, 146–150, 206–212
- mortgage-backed securities
 market losses, 256
- reducing subprime exposure through CDS, 234
- regulators’ missed opportunity, 204–206
- self-fueling machine, 188–189
- See also* Credit default swaps
- Collateralized loan obligations (CLOs), 174–176, 209
- Commercial banks and thrifts buying and selling home loans, 8
- crisis and recession fallout, 401
- decline after Bear Stearns collapse, 301–308
- securitizing prime mortgages, 102
- shadow banks and, 27–28
- subprime origination and securitization, 88
- See also* Citigroup; Wachovia; Washington Mutual
- Commercial Paper Funding Facility, 395
- Commercial paper market, 30–31, 113–114, 427–428
 AIG liquidity failure, 345–346, 349
- Citigroup involvement, 262–263
 Lehman decline, 326
 money market funds, 358
 post-recession financing, 394
 stopping mortgage lender funding, 234
- Commercial real estate, 174–176, 397–398
- Commodification of the housing industry, 5–6
- Commodities, 46
- Commodity Exchange Act (1936), 46
- Commodity Futures Modernization Act (CFMA; 2000), 48
- Commodity Futures Trading Commission (CFTC), 46–48
- Common shock, 419, 432–433
- Community
 fallout from the crisis, 389
 housing industry links to, 4–5
 mortgage fraud, 15–16
- Community Reinvestment Act (CRA), xxvii, 72–74, 97–99, 219–220, 414
- Community-lending pledges, 97–99
- Compensation controls, 269
- Compensation packages
 Bear Stearns’ hedge fund collapse, 137
 Bear Stearns preceding the fall, 285
- CDO machine breakdown, 189
 changes in the financial industry, 61–64
- Citigroup’s CDO business, 198
- GSE executives, 322–323

- GSE penetration into subprime market, 181
ignoring long-term consequences, xix
Merrill's O'Neal's severance package, 259
mortgage brokers, 90
Congress, U.S.
closing state shortfalls, 399
Community Reinvestment Act, 72
Depository Institutions Deregulation and Monetary Control Act, 34
dismantling Glass-Steagall, 55
Economic Stimulus Act, 312
Fannie Mae/Freddie Mac debt, 40
Fannie Mae/Freddie Mac mission, 39
homeownership incentives, 9
Housing and Economic Recovery Act, 317
increasing deregulation, 52
moratorium on OTC regulation, 48
mortgage underwriting standards, 109–111
regulating subprime mortgage lending, 76
regulating thrifts, 40
Resolution Trust Corporation, 68
savings and loan crisis, 36
shadow banking, 28
TARP, 372, 436
"too big to fail" principle, 37
Congressional Budget Office, 87, 400
Congressional Oversight Panel, xii, 398, 408
Conover, C. Todd, 37
Conseco, 75
Consolidated Supervised Entity (CSE) program, 151–154, 283
Consumer Advisory Council of the Federal Reserve Board, 21
Consumer and Community Affairs Division (Federal Reserve), 94
Consumer confidence, 393
Consumer protection groups, 78
Consumer spending, 87, 393–394
Contagion, risk of, 419, 431–432
Continental Illinois, 36–37
CoreLogic, 393
Corporate governance
AIG failure, 347
big bank failure, 427–431
Citigroup's CDO business, 199–200
condoning mortgage fraud, 14–15
failure to control reckless practices, xviii–xix
FHFA criticism of GSE management, 321–323
GSEs' capital shortfall, 319
ignoring risks of housing bubble, 18–19
international credit bubble, 416
response to CDO madness, 189–190
response to recession and loss of credit, 394–395
Corrigan, E. Gerald, 300, 329
Counterparty Risk
Management Policy Group, 300
Countrywide, xxiii
agencies' peer group study of mortgage practices, 172–173
BofA acquisition, 22
commercial paper casualty, 248–250
expanding mortgage originations, 8
GSE delinquent loans, 225
GSE penetration into subprime markets, 184
improper foreclosures, 408
mortgage fraud, 162
mortgage originations, 105
nontraditional loans, 20
option ARMs, 107–108
recognition of long-term vulnerability, xxii
single-cause theories, 414
Cox, Christopher, xxi, 154, 283, 288, 298, 330, 338–339
Cox, Prentiss, 12–13
Crabtree, Gary, 14–15, 91
Credit bubble, 414–416, 424
causes of the crisis, 417–418, 422
global capital flows, 419–420
monetary policy, 420–421
repricing of risk, 420
See also Housing bubble; Housing bust; Mortgage bubble
Credit card loans, 396
Credit default swaps (CDS), xxiv–xxv, 427
AIG dispute with Goldman, 265–274, 377–378
AIG failure, 351
AIG liability, 344–345
AIG's international business, 140
CDO machine, 193–196
consumer advocates' concerns over mortgage industry, 23
economists' concerns over stability of, 17
Goldman Sachs collapse, 143, 145
Greenspan's concerns over, 48–49
housing entanglement in securities market, 8
mechanism of, 50
reducing subprime exposure through, 234
regulators' reaction to the CDO madness, 189
synthetic CDO growth, 190–195
systemic risk after Bear Stearns collapse, 300–301
See also Collateralized debt obligations
Credit expansion, 83–101
Credit markets, xvi, 83–84
Credit ratings/credit rating agencies, xxv, 426
AIG CDO involvement relying on, 139–141
AIG downgrade, 349
AIG valuation, 273
as securitization watchdogs, 165

- Credit ratings/credit rating agencies (*continued*)
 Bear Stearns Asset Management business, 135
 Bear Stearns' collapse, 281–282
 CDO benefits, 128–129
 CDO structuring, 131–132
 Citigroup, 199
 failure of subprime mortgage-backed securities, 242–243
 Lehman Brothers' F rating, 327
 Merrill Lynch's 2007 subprime exposure levels, 259
 role in the crisis, 418
 shorting CDOs, 193–194
 structured finance, 43
See also Moody's; Standard & Poor's
- Credit scoring, 67, 72
 Credit spreads, 420
 Credit squeeze, 389
 Credit Suisse, 89
 Credit Suisse Institutional Money Market Prime Fund, 254
 Crittenden, Gary, 263, 265
 Cruise, Christopher, 7–8
 Cuomo, Andrew, 40–41, 78, 178
 Dahlgren, Sarah, 378
 Dallavechia, Enrico, 181–182
 Darling, Alistair, 334, 336
 Davidson, Andrew, 106
 Davilman, Andrew, 243–244, 265–266
 Dean Witter, 53
 Debt levels, xvii
 defaults on national debt, 56
 Fannie Mae borrowing, 38
 household debt after the recession, 391
 increase in household debt after 2000, 83–84
 increase in mortgage indebtedness, 7
 1980s and 1990s levels, 68
 recession causing cutbacks, 393–394
 risky assets combined with, xx
 small businesses' hesitancy to take on new debt, 395
- Defaults, mortgage, 213–214, 223–224, 262, 389–390
 DEFCON calls, 264–265
 Delinquencies, mortgage, 214–221, 224–225, 392–393
 Deposit insurance, 33. *See also* Federal Deposit Insurance Corporation
 Depository Institutions
 Deregulation and Monetary Control Act, 34
 Deregulation of financial markets, xviii, 28, 46, 52–56
 Derivatives, 28, 45–51
 assessing systemic risk after Bear Stearns collapse, 298–301
 mortgage securitization, 425
 OCC expansion of allowed activities, 35
 single-cause theories, 414
See also Over-the-counter (OTC) derivatives
 Desert Community Bank, 94
 Dickerson, Chris, 320
 Dimon, Jamie, 18, 63, 91, 289, 295, 325, 342
 Dinallo, Eric, 345, 348
 Disclosure, 165–170, 234
 Disintermediation, 33
 Ditech, 8
 Documentation on mortgage loans, 110–111
 Dodd, Christopher, 313, 371
 Dominguez, Nestor, 137–138, 198, 261
 Dot-com crash, 59–61, 87–88, 391
 Dow Jones average, 57, 292, 339, 356, 372–373
 Drexel Burnham Lambert, 37, 129–130
 Dreyfus fund, 328
 Drysdale, 31
 Dudley, William C., 213, 293, 314, 331, 347
 Due diligence, 165–170, 426
 Dugan, John, 13, 21, 74, 373–374
 Duke, Elizabeth, 395
 Duke, Ellen, 261
 Dunhill CDO, 270
 Early payment defaults, 215
 Economic crisis, 419
 AIG-Goldman dispute over valuation, 265–274
 AIG's lack of concern over, 243–244
 assessing liquidity risk through repo markets, 296–298
 assessing systemic risk after Bear Stearns collapse, 298–301
 asset-backed commercial paper, 246
 Bear Stearns' collapse, 280–291
 BNP Paribas SA loss, 250–252
 Citigroup's 2007 subprime exposure level, 260–265
 commercial banks' decline, 301–308
 Countrywide's ABCP loss, 248–250
 credit rating agencies' lack of concern over, 242–243
 financial losses of 2007, 274–276
 financial market fallout, 393
 IKB ABCP loss, 246–248
 Merrill Lynch's massive 2007 losses, 257–259
 money market funds, 253–255
 monoline insurers, 276–278
 mounting subprime losses stressing the economy, 256
 post-housing bust indicators of impending crisis, 233–234
 structured-investment vehicles, 252–253
See also Financial crisis
 Economic growth, 83
 Economic Growth and Regulatory Paperwork Reduction Act (1996), 53

- Economic Stimulus Act, 312
Economist magazine, 16, 60
 Edwards, Jeffrey, 258–259
 Ehrman, Roger, 168
 Eichel, Scott, 129
 Eichner, Matthew, 282, 287, 290, 361
 Einhorn, David, 327
 Eisman, Steve, 194
 Emerging markets, 35
 Enhanced cash funds, 254
 Enron, 59, 122, 137, 204–205
 Equity borrowing, 83–84
 Ernst & Young (E&Y), 177–178
 Ethics, xxii, 236–239
 European American Bank, 92–93
 European markets
 credit bubble, 414–418
 EU requirement of U.S.
 consolidated supervisor, 150–151
 single-cause theories, 414–415
 See also specific countries
 Excess liquidity, xxv–xxvi
 Exchange-traded futures and options, 46
 Fair Isaac Corporation, 72
 Falcon, Armando, Jr., 40, 64, 185
 Fannie Mae/Freddie Mac, xix, xxv–xxvi
 bolstering the struggling housing market, 311–313
 capital increase, 314–315
 choice of meeting the booming housing market, 178–187
 conservatorship, 320, 435
 credit scoring, 72
 dual missions, 39
 FHFA criticism of management, 321–322
 financial sector growth, 65
 foreclosure donations, 403
 foreign investment flows, 103–104
 government backing despite declining performance, 315–318
 history and development of, 38–42
 leverage ratio, xx
 mission versus safety, 309–310
 mortgage fraud, 161
 mortgage securitization, 68–70, 102, 425
 mortgage-backed securities market, 122–125
 OCC discovery of capital shortfall, 318–319
 originate-to-distribute mortgages, 89
 portfolio cap relief, 310–311
 regulators' critical concerns over, 319–320
 role in crisis, 437
 sellers' repurchasing
 guaranteed loans, 224–226
 shadow banking, 427
 single-cause theories, 414
 See also Government-sponsored enterprises
 Farrell, Mike, 313
 Fass, Lloyd, 189
 Federal Bureau of Investigation (FBI), 15, 161
 Federal Deposit Insurance Corporation (FDIC)
 AIG bailout, 432
 bank bailouts, 432
 cash management accounts, 30
 Citigroup's TARP funds, 382
 CRA lending, 74
 creation of, 29
 deregulation, 53
 shutting down lending, 233
 Wachovia acquisition, 370
 Washington Mutual's
 impending collapse, 365–366
 Washington Mutual's 2007 decline, 306
 Federal Deposit Insurance Corporation Improvement Act (FDICIA), 37
 Federal Home Loan Bank of Chicago, 226
 Federal Home Loan Banks, 274
 Federal Home Loan Mortgage Corporation (Freddie Mac). *See* Fannie Mae/Freddie Mac
 Federal Housing Association (FHA), 38
 Federal Housing Enterprises Financial Safety and Soundness Act (1992), 40–41
 Federal Housing Finance Agency (FHFA), 316–322, 431
 Federal National Mortgage Association (Fannie Mae). *See* Fannie Mae/Freddie Mac
 Federal Open Market Committee (FOMC)
 AIG bailout, 349
 Bear Stearns hedge funds, 241
 Countrywide's ABCP casualty, 248–249
 declining housing prices in 2006, 214
 housing bubble presentation, 158–159, 171
 restricting access to credit after recession, 394
 Wachovia acquisition, 369
 Federal Reserve
 allowing bank-ineligible activities, 35
 assessing systemic risk after Bear Stearns collapse, 298–301
 Bank of America-Merrill Lynch merger, 383
 Bear Stearns' collapse, 286–287
 Citigroup ban, 137
 Citigroup's CDO business, 198–199
 Commercial Paper Funding Facility, 395
 community development commitments, 98
 concerns after Bear Stearns collapse, 293–295
 Countrywide's ABCP casualty, 249
 CSE program, 154
 dot-com crash, 60

- Federal Reserve (*continued*)
failure to halt toxic
mortgage flows, xvii
Fannie Mae/Freddie Mac
mission, 39
Federal Open Market
Committee, 158–159
financial crisis of 2008, 354
financial losses of 2007,
274–276
government housing policy
contributing to
irresponsible lending,
xxvii
HOEPA hearings, 108–109
ignoring warning signs in
housing industry, 3–4, 20
interest rate hikes, 103–104
JP Morgan acquisition of
Bear Stearns, 292
lack of preparation for crisis,
xxi–xxii
Lehman Brothers collapse,
331, 434–435
LTCM disaster, 57
measuring investment bank
liquidity risk, 297–298
monetary policy
contributing to credit
bubble, 420–421
predatory lending practices,
93–96
President's Working Group
on Financial Markets, 48
Recourse Rule, 99–100
refusal to investigate fraud,
16
risks of innovations, 53
shadow banking, 31
short-term interest rates
after 2001 recession, 85
subprime mortgage lending
regulation, 76
system failure through
contagion, 431–432
TALF program, 396
Wachovia acquisition, 368
Wachovia's 2007 decline,
305
Federal Reserve Act, 287
Federal Reserve Bank of New
York
AIG bailout, 345–351, 376
Citigroup decline, 303
- concerns over Lehman
liquidity, 329–330
failure to control Citigroup's
excesses, xviii
GSE emergency loans, 316
GSEs' capital surcharge, 313
housing bubble
presentations, 158–159
lack of preparation for crisis,
xxi–xxii
measuring investment bank
liquidity risk, 297
Morgan Stanley's stress
during the financial
crisis, 361–362
OTC regulation, 47–48
plea for mortgage lending
rules, 10
Federal Trade Commission
(FTC), 92–93
Federated Investors, 283–284,
328
Fed-Lite, 55, 77
Ferguson, Roger, 15–16, 53, 60
Ferrer, Wilfredo A., 160
FICO score, 72, 183, 217–219
Fidelity, 331
Financial Accounting Standards
Board, 114
Financial Control Group
(Citigroup), 260
Financial Crimes Enforcement
Network (FinCEN), 15,
161–162
Financial crisis, 419
AIG bailout, 376–379
Bank of America, 382–386
Citigroup, 379–382
fallout from, 389
impact on today's economy,
391
money market funds, 356–
360
Morgan Stanley response,
360–363
OTC derivatives, 363–365
TARP, 371–376
Wachovia's liquidity
concerns, 366–371
Washington Mutual, 365–
366
See also Economic crisis
Financial Institutions Reform,
Recovery, and
- Enforcement Act
(FIRREA; 1989), 40
Financial sector growth, 64–66
Financial shock and panic, 419,
435–438
Finn, Mike, 350
First Alliance Mortgage
Company, 12, 96
First American Bank, 94
First Data Corporation, 175
First Union Bank, 75
Fitch Ratings, 18, 43. *See also*
Credit ratings/credit
rating agencies
Fixed-rate mortgages, 34
Flight to quality, 74
Flipping loans, 11
Floating mortgage rate, 34–35
Florida
delinquency rate, 393
foreclosure increases, 403
impact of foreclosures on
families and children,
409
mortgage delinquency, 215
underwater mortgages,
404(*fig.*)
Flowers, Christopher, 347–348
Fons, Jerome, 119–120
Fontana, Thomas, 328
Foreclosure assistance
programs, 389–390, 405
Foreclosures
Bakersfield, California, 14
causes of, 402–403
CDO losses resulting from,
194
figures on, xv
impact of recession on, 393
initiatives to stem, 405–406
rate of, 23
renters as victims, 408
rising rate of and ongoing
damage from, 402–404
systemic flaws in lending
practices, 407–408
Foreign investors
AIG Financial Projects
CDOs, 140
asset-backed commercial
paper programs
casualties, 246–248
CMLTI loans, 116(*fig.*)
global savings glut, 103–104

- Forster, Andrew, 200, 243, 266, 269
- France
- house price appreciation, 2002–2008, 415(fig.)
 - housing bubble, 415–416
- Frank, Barney, 312, 443–444
- Fraud
- accounting scrutiny of GSEs, 122–123
 - AIG's reduced credit rating over manipulated earnings, 141–142
 - Ameriquest, 12–13
 - authorities' refusal to investigate, 15–16
 - Bakersfield housing market, 14–15
 - contributing to the housing bubble and crisis, 424
 - crime-facilitative environments for mortgage fraud, 160–164
 - Fannie Mae, 314
 - improper foreclosures, 407
 - increases between 1996 and 2005, xxii
 - mortgage securitization, 75
 - OTC derivatives, 47
 - selling toxic funds to investors, 238–239
 - state regulation of housing, 13–16
 - synthetic CDOs, 192–193
 - underwriting standards, 110–111
- Fraud Enforcement and Recovery Act (2009), xi
- Freezing, financial, 437–438
- Fremont Investment & Loan, 15, 233
- Friedman, Paul, 285
- Froeba, Mark, 208
- Frost, Alan, 243–244, 268–269
- Fuld, Richard, 63, 292–293, 325–327, 330, 341
- Fulmer, Ann, 160
- Funded investors, 144(fig.)
- Futures and options, 46
- Garn-St. Germain Act (1982), 34
- Gasvoda, Kevin, 235
- GE Asset Management Trust Enhanced Cash Trust, 254
- GE Capital, 345–346, 396
- Geanakoplos, John, 195
- Geithner, Timothy, xxi–xxii
- AIG bailout, 347, 351, 379
 - Bear Stearns' collapse, 289, 291
 - Citigroup decline, 303
 - Citigroup's CDO crisis, 199–200
 - concerns over Lehman's liquidity, 328, 330
 - Counterparty Risk Management Policy Group, 300
 - housing entanglement in securities market, 8
 - Lehman Brothers bankruptcy, 336, 433–435
 - money market funds, 358
 - on market disruption and panic, 353–354
 - TARP, 373–374
- Gelband, Michael, 18–19
- General Accounting Office (GAO), 47, 95
- Gensler, Gary, 79
- Gibson Greeting Cards, 47
- Ginnie Mae, 38, 161
- Glass-Steagall Act (1933), 29, 32, 36, 52–56, 414
- Glenn, David, 122
- Global capital flows, 419–422
- Global Financial Stability Report of the IMF, 228
- Globalization of financial markets, xvii
- Gnaizda, Bob, 9
- Gold rush mentality, 5–6
- Golden West Savings, 106, 304–305
- Goldman Sachs
- AIG dispute over subprime exposure, 265–274
 - AIG downgrade, 346
 - AIG failure, 243–244
 - AIG's CDO involvement, 140
 - Bear Stearns' collapse, 287
 - Bear Stearns' toxic hedge funds, 239–240
 - Buffett investment, 363
- CDO structuring, 131, 142–146
- compensation, 63
- CSE oversight, 154
- financial sector growth, 65
- fraud over synthetic CDOs, 192–193
- IKB as casualty of ABCP programs, 247–248
- Maiden Lane payments, 376–378
- OTC derivatives, 50–51
- reducing subprime exposure, 235–238
- run on the bank, 362
- synthetic CDOs, xxvi
- See also* Investment banks
- Goldschmid, Harvey, 152–154
- Gonzales, Alberto, 15, 163
- Goodman, Laurie, 403, 406
- Gorton, Gary, 188, 200, 267
- Government actions and agencies
- AIG bailout, 378
 - Ameriquest fraud investigation, 12–13
 - Bank of America-Merrill Lynch merger, 382–385
 - closing shortfalls after recession, 398–400
 - concerns over Lehman Brothers solvency, 325–327
 - credit ratings' link to regulation, 118–119
 - critical concerns over GSEs, 319–320
 - failure to challenge financial industry, 9–11
 - Fannie Mae/Freddie Mac lobbyists, 41–42
 - federal and state government regulation of banks, 13
 - federal and state response to the financial crisis and recession, 398–400
 - GSE backing despite declining liquidity, 315–318
 - inflated housing appraisals, 91
 - Lehman Brothers' bankruptcy, 333–334

- Government actions and agencies (*continued*)
 peer group study of mortgage practices, 172–173
 policy makers' lack of preparation for crisis, xxi–xxii
 refusal to acknowledge potential crash, 9
 refusal to heed warning signs of nontraditional loans, 19–23
 response to financial crisis, 359–360
 single-cause theories, 414
 system failure through contagion, 431–432
 TARP, 371–376
 Wachovia's liquidity concerns, 367
See also Bailouts; Congress, U.S.; Federal Reserve; Office of the Comptroller of the Currency; Office of Thrift Supervision; Regulation/regulators; Securities and Exchange Commission; Treasury Department, U.S.
 Government housing policy, xxv–xxvi, xxvii, 9, 414
 Government National Mortgage Association (Ginnie Mae), 38, 161
 Government-sponsored enterprises (GSEs)
 conservatorship, 23, 431–432
 due diligence, 168–169
 flawed business model, xxvi
 housing market drop, 16, 228
 mortgage delinquency, 216–219
See also Fannie Mae/Freddie Mac
 Gramlich, Edward, 10–11, 79, 93–94
 Gramm-Leach-Bliley Act (GLBA; 1999), 55, 77, 92, 171, 304
 Grand Teton National Park conference, 17
 Grant, James, 194
 Green Street Advisors, 398
 Green Tree Financial, 75
 Greenberg, Alan, 282
 Greenberg, Maurice "Hank," 141–142
 Greenberger, Michael, 146
 Greenspan, Alan
 accepting guidance, 22
 acknowledging housing market drop, 16–17
 advocating deregulation, 34
 CRA lending, 72
 defending decisions, 23
 delinking Fed interest rate hikes and real estate bubble, 103
 deregulating bank consolidation, 54
 deregulation of financial markets, xviii, 28
 dot-com crash, 60
 economic growth and financial resilience, 83
 expansion of banks' allowed activities, 35
 Fed's failure of housing regulation, 3
 housing bubble spread, 158
 housing entanglement in securities market, 9
 interest-rate cuts, 88
 international credit bubble, 416
 LTCM collapse, 58
 monetary policy contributing to credit bubble, 421
 OTC derivative regulation, 47–49
 predatory lending practices, 11–12, 93–96
 regulators' declining influence in the housing bubble, 171
 risks of innovations, 53–54
 subprime mortgage lending regulation, 79
 Greenspan put, 60–61
 Gregory, Joseph, 327
 Grenadier Funding, 138
 GSC Partners, 143–144
 Guidance, 21–22, 173
 Gussmann, David, 161
 Gutfreund, John, 63
 Habayeb, Elias, 243, 269
 Halloran, Michael, 283
 Hawke, John, 13, 53
 Hayman Capital Partners, 287–288
 Hedge funds
 Bear Stearns' collapse, 286
 Bear Stearns' toxicity, 238–242
 BSAM business, 135–136
 economists' concerns over, 18
 Fed faith in Bear Stearns, xxi
 housing entanglement in securities market, 9
 LTCM collapse, 58
 Merrill Lynch, 259
 shadow banking, 427
 surviving the financial crisis, 361
See also Derivatives
 Hempstead, Todd, 182, 184
 Hendricks, Darryll, 114–115
 High-Grade Structured Credit Strategies Enhanced Leverage Fund, 135, 240–241
 High-Grade Structured Credit Strategies Fund, 135, 238, 240–241
 High-yield mortgage securities, 9
 Hockett, Ben, 193
 Home Affordable Modification Program (HAMP), 405–406
 Home Mortgage Disclosure Act, 219
 Home Ownership and Equity Protection Act (HOEPA), 10–11, 22, 76–77, 84, 93–94, 108–109
 Home starts, 14
 Homebuilder Comfort Homes of Florida LLC, 409
 HomeKeeper Program, New Jersey, 405
 Homelessness, 409
 Homeownership figures, 5, 86, 392
 Household Finance Corp., 67
 Household wealth, xv–xvi

- Housing and Economic Recovery Act (HERA), 317
- Housing and Urban Development Department (HUD) affordable housing goals, xxvi–xxvii, 41 Ameriquest fraud investigation, 12–13 Fannie Mae/Freddie Mac debt, 40 foreclosure donations, 403 GSE penetration into subprime markets, 183–186 predatory lending report, 11 subprime mortgage lending regulation, 76
- Housing bets, 426–431
- Housing bubble, xvi as warning sign, 4 authorities' refusal to acknowledge, 15–17 bank borrowing and mortgage interest rates, 86(*fig.*) banks' expansion into emerging markets, 35–36 betting against CDOs, 193 big bank bets and bank failures, 427–431 causes of, 424–425 CDS role in ending, 193, 195 community and economic links to, 4–6 components and possible causes, 422–424 credit-induced price boom, 157–160 economic growth and financial resilience, 83 Fannie Mae/Freddie Mac involvement, xxvi, 178–187 foreign investment flows, 103–104 government incentives for homeownership, 9 inflated appraisals, 91–92 international spread of, 158, 415–416
- job and industry growth after 2000, 84–88 Lehman's increasing risk, 176–178 leveraged loans and commercial real estate, 174–176 Moody's denial of, 121 mortgage fraud, 160–164 owning the risk, 226–229 policy makers' lack of awareness, xxi predatory lending practices, 9–10 predicting the burst, 17–18 quality control in the mortgage industry, 165–170 real estate boom generating jobs, 9 regulators' declining influence, 170–174 risky asset holdings, xx role in the crisis, 418 single-cause theories, 414–415 *See also* Foreclosures; Housing bust; Mortgage-backed securities market; Subprime lending
- Housing bust CDO downgrades, 223–224 delinquencies, 214–221 financial consequences, 233 impact on families and communities, 391 legal remedies, 224–226 rating downgrades, 221–223 risk concentration, 213–214
- Housing discrimination, xvii
- Housing policy. *See* Government housing policy
- Housing prices after 2001 recession, 85–86 appreciation in selected countries, 2002–2008, 415(*fig.*) Bakersfield, California, 14 bank borrowing and mortgage interest rates, 87(*fig.*) boom and bust from 1997 to 2006, 156–157
- causes of foreclosure, 402–403 correlating mortgage-backed securities to, 148–149 credit-induced price boom, 157–160 crisis fallout, 390–392 Fed interest rate cut, 5 hybrid ARMS, 106 increases leading to proliferation of nontraditional mortgage products, 423 investors' assumptions about the movement of, 428 mortgage lenders' betting on rising prices, 111 1980s bubble, 35–36 peak values, 214 risk concentration, 428 2007 drops in, 262
- Housing starts, 5
- HUD-Treasury report, 93, 95 Hunt, Dawn, 409–410 Hybrid ARMS, 105–106 Hybrid CDOs, 142, 191
- IBGYBG ("I'll be gone, you'll be gone"), 8, 17
- IKB Deutsche Industriebank, 143–145, 246–248
- Immigrants, housing fraud and, 160
- Impaired securities, 229(*fig.*)
- Independent finance companies, 396
- Independent mortgage lenders, 88–90
- Inflated housing appraisals, 91–92
- Inflation, 29
- Initial public offerings (IPOs) of stocks, 59
- Insurance, 56. *See also* American International Group
- Interbank lending, cost of, 355(*fig.*)
- Interest rates, 421. *See also* Short-term interest rates
- Interest-only loans, 17, 34, 105
- International Monetary Fund (IMF), 228

- Internet-based trading, 254
 Interthinx, 160
 Investment banks
 as root cause of crisis, 430
 assessing systemic risk after
 Bear Stearns collapse,
 300–301
 buying and selling home
 loans, 8
 community development
 commitments, 97–99
 compensation packages,
 61–64
 Consolidated Supervised
 Entity program, 151–154
 consolidation of insurance,
 banks and securities
 firms, 56
 controversy over Lehman
 Brothers collapse, 433–
 435
 dot-com crash, 59–61
 EU demand for U.S.
 oversight, 150
 excessive borrowing, risky
 investments, and lack of
 transparency, xix–xx
 failure and loss of
 confidence, 23
 financial losses of 2007,
 274–275
 financial sector growth, 65
 Lehman Brothers collapse
 triggering financial
 panic, 435–437
 leveraged loans and
 commercial real estate,
 174–176
 liquidity risk measures,
 296–298
 LTCM leveraging strategy,
 57
 mortgage fraud, 15–16
 repo market and
 commercial paper
 market, 30
 runs on, 354–355
 securitization, 44
 shadow banking, 33, 427
 solvency and liquidity
 failure, 429
 subprime origination and
 securitization, 88
 system failure through
 contagion, 431–432
 “too big to fail,” 36–37
 See also Bear Stearns;
 Goldman Sachs; Lehman
 Brothers; Merrill Lynch;
 Morgan Stanley
 Ireland
 house price appreciation,
 2002–2008, 415(fig.)
 housing bubble, 415–416
 Jackson, Alphonso, 13
 Jamison, Bill, 241
 Jobs
 effects of recession on, 390–
 391
 financial sector losses after
 crisis and recession, 400–
 401
 housing industry growth in
 2001, 84–85
 jobless recovery, 85
 real estate boom generating
 jobs, 9
 See also Unemployment
 Johnson, Keith, 166–168
 Jost, Jerry, 395–396
 JP Morgan
 Bear Stearns’ collapse, 283–
 284, 288
 Bear Stearns’ collapse
 leading to risk
 awareness, 295–297
 Bear Stearns purchase, 292,
 431
 Bear Stearns’ toxic hedge
 funds, 240
 community development
 commitments, 98
 compensation, 63
 consolidation and growth of
 banks, 53
 credit default swaps, 50
 financial crisis, 361
 financial sector growth, 65
 GSE delinquent loans, 225
 Lehman Brothers’
 bankruptcy, 330–331,
 334–335
 mortgage-backed securities
 market losses, 256
 reducing exposure to
 Lehman, 328
 risk concentration, 22
 Washington Mutual sale,
 436
 Junk mortgages, 426
 Justice Department, 163–164
 Kashkari, Neel, 366
 Keefe, Kirsten, 405
 Kelly, Austin, 322
 Kerr, John, 321–322
 Keystone Bank, 75, 99
 Kim, Dow, 202, 257–258
 Kimball, Andrew, 209–211
 King, Mervyn, 17
 Kirby, Mike, 398
 Kirk, Alex, 337
 KKR equity firm, 175
 Kleros Real Estate Funding III,
 132–133
 Klion I, II, and III, 136–137
 Klipsch, Mark, 18, 134
 Kohn, Daniel, 159
 Kolchinsky, Eric, 119, 149,
 223–224
 Korea Development Bank, 330
 Kovacevich, Richard, 366, 368
 Krimminger, Michael, 380
 Land use restrictions, housing
 bubble and, 422
 *Large Bank Supervision
 Handbook*, 307
 LaTorre, Alejandro, 347–348
 Lattanzio, Dale, 258
 Lazear, Edward, 391
 Leach, Brian, 61–62
 Leadership Conference on Civil
 Rights, 106
 Lehman Brothers
 accounting irregularity,
 324–325
 AIG bailout, 349
 bankruptcy, 330–333,
 335–337
 bankruptcy versus failure,
 338–339
 Bear Stearns’ toxic hedge
 funds, 239–240
 compensation, 63
 concerns after Bear Stearns
 failure, 325–327
 controversy over failure of,
 433–435
 failure triggering crisis, xvi

- failure triggering financial panic, 435–437
 financial crisis, 354
 financial sector growth, 65
 increasing risk burden, 176–178
 lenders' and supervisors' concerns over liquidity, 327–328
 Maiden Lane payments, 376
 management refusal to acknowledge housing bubble risks, 18–19
 Primary Fund holdings in 2008, 356–357
 regulators' concerns over liquidity, 328–331
 repo market as liquidity risk measure, 296–298
See also Investment banks
- Leverage risk, xx
 Bear Stearns Asset Management business, 135–137
 Bear Stearns "window dressing" to lower ratio, 281–282
 CDOs, 134
 financial sector growth, 65
 GSEs, 309
 investment banks' increasing levels from 2004, 153–154
 Lehman's stake in Archstone Smith, 176–178
 leveraged loans and commercial real estate, 174–176
 LTCM, 56–57
 OTC derivatives, 49
 role in the crisis, 418
 shadow banking, 32, 427
 Levin, Robert, 124–125, 180–181, 184, 237, 311, 323
 Levitt, Arthur, 47, 53
 Lewis, Ken, 335, 383
 Lewis, Robert, 243
 Liar loans, 20
 Lindsey, Lawrence, 43, 45, 61, 74
 Lippmann, Greg, 191
 Liquidity puts, 137–139, 196, 239, 247–248
 Liquidity risk/liquidity failure, 429
- AIG, 345–347
 Bear Stearns collapse, 288–289, 289(fig.)
 Citigroup, 380
 derivatives markets, 364–365
 GSEs' government backing, 315–318
 GSEs' portfolio cap relief, 310–311
 investment banks after Bear Stearns collapse, 296–298
 Lehman Brothers, 325–327
 Lehman's lenders' and supervisors' concerns over, 327–328
 overdependence on short-term liquidity, 428
 role in the crisis, 418
- Litigation
 Goldman Sachs, 237
 over delinquencies, 224–226
- Loan Prospector, 72
 Loan-to-value (LTV) ratios, 109–111, 217
- Lobbying
 causes of the crisis, 416
 deregulation of bank consolidation, 54
 dismantling Glass-Steagall, 54–55
 Fannie Mae/Freddie Mac, 41–42
- Lockhart, James, 42, 180, 310–311, 314–315, 320
- Lombard-Wall, 31
- Loney, Glenn, 76
- Long Beach Mortgage, 117–118
- Long Beach Savings and Loan, 67
- Long-Term Capital Management (LTCM), 47–48, 56–59, 74, 241
- Low-documentation loans, 110–111
- Lowitt, Ian, 337
- Ludwig, Eugene, 171
- Lund, Thomas, 178–179, 182, 310–311
- M3 Prime model, 120
- Macciaroli, Michael, 282, 290
- Mack, John, 353, 363
- Madigan, Lisa, 11–13
- Madness, 188–189
- Magnetar, 192
- Maheras, Thomas, 138, 198, 262
- Mai, Jamie, 193
- Maiden Lane LLC, 290, 376–379
- Maker, Ruhi, 15–16
- Mann, Karen, 17–18, 91, 409
- Marano, Thomas, 240–241, 282, 285
- Market Risk Amendment to Basel rules, 151
- Market share, Moody's emphasis on, 208–209
- Mark-to-market accounting, 47, 226–227, 234, 239, 253, 263, 277, 445
- Martin, William, 4
- Martinez, Mel, 372
- Masters, Michael, 363–364
- Mayer, Christopher, 158
- Mayo, Michael, 6
- MBIA, 129, 141, 158, 266, 276–277
- McCarthy, Callum, 336
- McCleskey, Scott, 208
- McCoy, Patricia, 95
- McCulley, Paul, 4, 251
- McDade, Bart, 88, 335, 337
- McDaniel, Raymond, 208–210, 221, 223
- McDermott, Jeannie, 391
- McDonough, William, 57
- McGinn, Kevin, 243, 272
- McQuade, Eugene, 181
- Medicaid, 399
- Meier, Steven, 248
- Memorandum of understanding (MOU), 298, 304
- Mergers
 Bank of America-Merrill Lynch, 382–385
 Citigroup expansion, 92–93
- Merrill Lynch
 AIG's CDO involvement, 140
 Bank of America merger, 382–385
 Bear Stearns' toxic hedge fund, 240
 cash management accounts, 30
 CDO losses, 129, 202–204
 CDO structuring, 131
 compensation, 63

- Merrill Lynch (*continued*)
 corporate governance breakdown, xix
 Countrywide's ABCP loss, 250
 credit default swaps, 192
 financial sector growth, 66
 JP Morgan reducing exposure to, 328
 massive 2007 losses, 257–259
 mortgage-backed securities market losses, 256
 OTC claims, 47
 reducing subprime exposure through CDS, 234
 repo market as liquidity risk measure, 297
See also Investment banks
 Mewbourne, Chris, 300
 Michalek, Richard, 210, 223
 Michigan: underwater mortgages, 404(*fig.*)
 Miller, Harvey, 334, 338–339
 Mills, Susan, 260
 Minimum capital standards, 33
 Minow, Nell, 327
 Mishkin, Frederic, 275
 Mission Bank, Bakersfield, California, 120
 Mital, Aseem, 89
 Mitsubishi UFJ, 363
 Monetary policy contributing to credit bubble, xxv–xxvi, 420–422
 Money market mutual funds, 29–31, 33–34, 253–255, 293, 356–360, 427
 The Money Store, 75
 Monoline insurers, 276–278, 300–301
 Moody's, 3
 AIG downgrade, 344–345
 AIG valuation system, 271
 asset-backed commercial paper programs, 113–114
 breakdown in mortgage-related securities, xxv
 CDO machine, 146–150, 206–212
 commercial real estate status, 398
 early payment default evaluation, 221–222
 housing bust, 213
 mortgage-backed securities market, 118–122
 structured finance, 43
 structured-investment vehicles, 252
See also Credit ratings/credit rating agencies
 Moral hazard, 61
 Morgan Stanley
 asset growth, 53
 compensation packages, 61–62
 CSE oversight, 154
 due diligence, 168
 financial crisis, 360–363
 GSE review, 317
 mortgage-backed securities market losses, 256
 repo market as liquidity risk measure, 297
 subprime originators, 89
See also Investment banks
 Morrice, Brad, 157
 Mortgage Bankers Association, 13, 17, 21
 Mortgage brokers, 13–14, 90
 Mortgage bubble, 423–425
 Mortgage Electronic Registration Systems, Inc. (MERS), 407–408
 Mortgage fraud. *See* Fraud
 Mortgage Insurance Companies of America, 21
 Mortgage Lenders Network, 233–234
 Mortgage lending
 asset-backed commercial paper programs, 113–118
 community development commitments, 97–99
 crime-facilitative environments for mortgage fraud, 160–164
 four Cs of, 67
 funding for, 69(*fig.*)
 government regulators' failure to challenge financial industry, 9–11
 GSE goals, 125
 GSEs' increasing importance in 2008, 312
 housing price surge and, 423
 impact of CDOs on, 133–134
 increasing homeownership after 2001, 86–87
 second mortgages, 406
 shadow banking, 29–34
 state regulation, 111–113
 toxic financial assets stemming from, 425–427
 underwriting standards, 109–111
See also Foreclosures; Housing bubble; Housing bust
 Mortgage modification programs, 405, 409
 Mortgage-backed securities market, 102–103
 Bear Stearns' collapse, 280–281
 billion-dollar losses, 256
 BSAM involvement, 135–137
 CDOs stimulating demand for, 189–190
 collapsing lending standards fueling crisis, xxiii–xxiv
 commercial real estate, 174–176
 credit rating agencies enabling meltdown, xxv
 ethical breakdown in loan behavior, xxii
 financial creativity, 5–9
 GSE role in, 122–125
 GSE securities maintaining value, xxvi
 high-risk products, 104–111
 improper foreclosures, 407
 international housing bubbles, 416
 money market collateral, 293–294
 Moody's downgrading of, 221–223
 Moody's involvement in, 118–122
 mortgage modification to hold off foreclosure, 406
 non-GSE, 124
 over-the-counter derivatives, xxiv–xxv
 players involved in, 113–118
 policy makers' failure to control, xviii–xix

- potential hazards of, 7–8
 rating agencies' confusion over failure of, 242–243
 securitization transforming mortgages into, 425
 subprime originators, 89
 synthetic CDO growth, 191
 toxicity of, 20
 value by 2006, 22
See also Collateralized debt obligations; Fannie Mae/Freddie Mac; Housing bubble; Housing bust; Subprime lending
 Mosser, Patricia, 331
 Moynihan, Brian, 389
 Mozilo, Angelo, 5–6, 20, 108, 172–173, 248–250
 MSCI World Index stock fund, 393
 Mudd, Daniel, 41, 178, 183–185, 310, 313, 319–322
 Mueller, Robert, 163
 Mukasey, Michael, 15, 163
 Murton, Arthur, 380

 Najarian, Ed, 366
 Naked credit default swaps, 50
 National Archives and Records Administration, xii
 National Association of Realtors, 215
 National City, 20, 172
 National Conference of State Legislatures, 399
 National Consumer Law Center (NCLC), 78
 National League of Cities, 399
 National recognized statistical rating organization (NRSRO), 119
 National Transportation Safety Board, xii
 NationsBank, 98–99
 Nevada
 commercial real estate bust, 397
 delinquency rate, 393
 foreclosure increases, 403
 impact of foreclosures on children, 409
 mortgage delinquency, 215

 underwater mortgages, 404(fig.)
 Nevada Fair Housing, Inc., 11, 78
 New Century, 89–90, 111, 157, 160, 233–234, 423
 New York Stock Exchange (NYSE), 61
 NIR Capital Management, 192
 No-documentation loans, 110–111
 Non-agency mortgages, 68
 Nontraditional mortgages, 418.
 See also Subprime lending
 Norma CDO, 192
 North Carolina: state regulation of predatory lending, 96
 Notional amount of OTC derivatives, 298–301

 Office of Federal Housing Enterprise Oversight (OFHEO), 40–42, 122–123, 163, 180–183, 310–313, 315–316, 321–323
 Office of the Comptroller of the Currency (OCC)
 CDO regulation, 205
 Citigroup decline, 303–304
 Citigroup's 2007 subprime exposure, 263
 Citigroup's CDO business, 198–199
 CRA lending, 74
 deregulating bank consolidation, 54
 expansion of banks'
 admissible activities, 35
 GSE review, 317
 guidance, 22
 ignoring complaints of nontraditional loans, 21
 mortgage guidance delay, 172–173
 regulating subprime mortgage lending, 76
 state regulation of mortgage lending, 13, 96, 111–113
 Wachovia's 2007 decline, 305
 See also Government actions and agencies

 Office of Thrift Supervision (OTS)
 AIG liquidity failure, 346, 350–351
 AIG oversight, 150
 AIG valuation, 274
 Countrywide's ABCP casualty, 249
 CRA compliance, 74
 deregulating bank consolidation, 54
 early concerns about housing-securities entanglement, 10
 Lehman's increased risk, 178
 mortgage guidance, 173–174
 regulating subprime mortgage lending, 76
 state regulation of mortgage lending, 13, 96, 111–113
 Washington Mutual's 2007 decline, 306
 See also Government actions and agencies
 Ohio: foreclosure increases, 403
 Olson, Mark, 21, 93, 154
 O'Neal, Stanley, 58, 63, 202, 259
 Option ARM loans, xxiii, 105–109, 117–118, 165
 Orange County, California, 47
 Orient Point CDO, 270
 Originate-to-distribute, 89
 Originate-to-hold, 89
 Origination and securitization of subprime mortgage lending, 88–92, 105, 107, 425–426
 Oversight
 Consolidated Supervised Entity program, 151–154
 housing appraisers, 91
 OTC derivatives market, 48
 See also Regulation/regulators
 Over-the-counter (OTC) derivatives, xxiv–xxv, 46, 56, 213–214, 298–301, 328–330, 363–365
 Ownit Mortgage Solutions, 233

 Paine Webber, 53
 Palumbo, Michael, 357
 Pandit, Vikram, 199, 334, 380–381

- Panic: systemic freezing in financial markets, 353–355, 419, 435–438
- Park, Gene, 141, 200–201, 266–267
- Parker, Ed, 12, 161
- Parkinson, Patrick, 129, 146, 296, 299, 328–329
- Parmer, Darcy, 162
- Pastine, Armand, 190
- Patterson, Scott, 44
- Paulson, Henry
- Bear Stearns' collapse, 289
 - BofA-Merrill Lynch merger, 383
 - Goldman Sachs collapse, 142–146
 - GSE, concerns over potential failure of, 293, 309, 321
 - GSE capital increase, 314
 - GSE receivership, 316–317
 - lack of concern over housing bubble, xxi
 - Lehman collapse, 334, 336, 339, 433–435
 - Recourse Rule, 100
 - response to financial crisis, 359–360
 - subprime exposure as indicator of impending crisis, 234
 - synthetic CDOs, 193–195
 - TARP, 371–374
 - underestimating the housing bust, 227
- Pay-as-you-go CDSs, 190–195
- Payment shock loans, 11
- Payment-option ARMS, 105
- Penn Central Transportation Company, 30
- Pension funds: credit ratings reliance, 119
- Pension plans, economic fallout, 393
- Performance index, 190–191
- Peterson, Warren, 24, 156
- Piggyback lending, 110
- PIMCO, 189–190, 251
- Pinto, Ed, 219
- Plepler, Andrew, 99
- Poethig, Erika, 408
- Policymaking. *See* Government actions and agencies
- Political action committees. *See* Lobbying
- Pontell, Henry N., 161
- Pooling loans, 43
- Population growth, housing bubble and, 422
- Porter, Katherine, 408
- Portfolio cap relief, 310–311
- Predatory lending practices, 9–13, 90, 92–99. *See also* Subprime lending
- President's Working Group on Financial Markets, 48, 58
- Price, Joe, 383
- Price, Mike, 185
- PricewaterhouseCoopers, 122, 269, 271, 273
- Primary Dealer Credit Facility (PDCF), 294–295, 337, 354, 362
- Prince, Charles, 3, 102, 113, 137, 175, 199, 260, 262–265
- Private mortgage insurance (PMI) companies, 225
- Private-label securities, 70, 72
- Procter & Gamble, 46–47
- Property taxes, 399
- Public Employees Retirement Association plan (Colorado), 393
- Putnam, Tom, 67
- Putnam Investments, 357
- Qualified purchasers, 254
- Quality standards, 426
- Quants (quantitative analysts), 44
- Quick Flip, Operation, 163–164
- Raines, Franklin, 64
- Rajan, Raghuram, 17
- Ranieri, Lewis, 20, 89–90, 188–189, 221
- Real estate credit bubble, 415
- Recession (2001), 84
- Recession (2007–2008), 389
- commercial real estate, 397–398
 - governments' struggle to close shortfalls, 398–400
- impact on small businesses and families, 394–397
- jobs and house prices, 390–391
- Reconstruction Finance Corporation, 38
- Recourse Rule, 99–100
- Redlining, xxvii
- Reed, John, 55, 220–221, 265
- Refinancing, 5, 86–87
- Regulation Z, 76
- Regulation/regulators
- AIG liquidity failure, 345–346
 - asset-backed commercial paper programs, 114
 - Bear Stearns collapse, 292–293
 - CDO structuring, 204–206
 - checks and balances of banking regulation, 54
 - Citigroup expansion, 92–93
 - Citigroup's CDO business, 198
 - commercial banks' 2007 downturn, 307–308
 - concerns over Lehman's liquidity, 328–331
 - Consolidated Supervised Entity program, 150–154
 - CRA lending, 74
 - credit ratings' link to, 118–119
 - dual banking system, 28
 - failures in regulation and supervision aiding crisis, xviii
 - futures and options exchange, 46
 - Glass-Steagall Act, 29, 32, 36, 52–56, 414
 - Goldman Sachs's CDO structuring, 142
 - government obstacles to regulating unfair lending practices, 13
 - GSE review, 317–318
 - GSEs' capital increase, 314–315
 - housing bubble, 170–174
 - inflated housing appraisals, 91
 - international credit bubble, 416
 - mortgage securitization, 75–80, 426

- OCC expansion of allowed activities, 35
- OTC derivatives, 50
- over-the-counter derivatives, xxiv–xxv
- predatory lending practices, 93–96
- reaction to the CDO madness, 189
- Recourse Rule, 99–100
- shadow banking, 27–34
- single-cause theories, 414
- state regulation of mortgage lending, 13, 96–97, 111–113
- subprime mortgage lending, 75–80
- synthetic CDOs, 192
- TARP, 373–374
- "too big to fail" principle, 37
- See also* Deregulation of financial markets; Federal Reserve
- Reich, John, 350–351, 369
- Reinhart, Vincent, 45
- Rejected loans, 166–168
- Renters, 408
- Repo market, 30–31, 427–428
- assessing systemic risk after Bear Stearns collapse, 298–301
- Bear Stearns' collapse, 280, 283–284, 288
- Bear Stearns hedge funds, 241–242
- BNP Paribas ABCP loss, 252
- borrowing levels, 115(fig.)
- BSAM involvement, 135
- JP Morgan's systemic risk concerns, 295
- liquidity risk measures, 296–298
- regulators' concerns over Bear Stearns failure, 293
- regulatory changes boosting growth, 114
- shutting down lending, 234
- Reserve Primary Fund, 356, 435–437
- Residential mortgage-backed securities, 73(fig.)
- Resolution Trust Corporation (RTC), 68–70
- Rhineland program, 247–248
- Ricciardi, Chris, 131, 202
- Riegler-Neal Interstate Banking and Branching Efficiency Act, 52
- "Risk Governance Diagnostic: Recommendations and Case for Economic Capital Development" (Bear Stearns report), 284–285
- Risk management
- assessing systemic risk after Bear Stearns collapse, 298–301
 - bank failure, 427–431
 - big bank failure, 429
 - commercial banks' 2007 downturn, 303–308
 - compensation structures, 63–64
 - concentration in largest firms, 22
 - corporate governance's failure to control, xviii–xix
 - derivatives, 45–51
 - emerging markets, 35–36
 - GSE penetration into subprime market, 181–183
 - high-risk products mortgage products, 104–111
 - housing bust resulting from, 213–214
 - housing industry, 6
 - Lehman's stake in Archstone Smith, 176–178
 - LTCM collapse, 58
 - mortgage lending, 67
 - option ARMs, 108
 - regulators' declining influence on the housing industry, 171
 - repricing of risk, 420–422
 - role in the crisis, 418
 - structured finance, 42–45
- See also* Liquidity risk/liquidity failure
- Risk-focused approach to regulation, 170–171
- Robo-signers, 407
- Roeder, Douglas, 308
- Rokakis, James, 10, 403
- Roseman, Alan, 193, 276
- Rosner, Joshua, 315
- Rubin, Robert, 0, 19, 47, 137, 260, 262
- Russian debt crisis, 56, 74
- St. Denis, Joseph, 266
- Salaries. *See* Compensation packages
- Salomon Brothers, 53, 265
- Sambol, David, 172–173, 248
- Sand states. *See* Arizona; California; Florida; Nevada
- Sandler, Herb, 20, 91, 106, 110
- Sarbanes, Paul, 79
- Savings and loan crisis, 34–37
- Savitt, Marc S., 14
- Schapiro, Mary, 64
- Schwartz, Alan, 240, 282, 284, 288–289, 356
- Schwartz, Faith, 7
- Schwartz, Laura, 191, 193
- Scion Capital, 193–194
- Sebring Capital, 233
- Second mortgages, 406
- Securities and Exchange Commission (SEC)
- AIG valuation, 273
 - Bear Stearns' collapse, 282–284, 286, 289
 - CDO regulation, 205
 - Citigroup's CDO business, 198
 - Consolidated Supervised Entity program, 152–154
 - deregulating bank consolidation, 53
 - dismantling Glass-Steagall, 55
 - due diligence and disclosure, 165, 169–170
 - failure to protect financial system, xviii
 - fixed commissions on stock trades, 29–30
 - Lehman Brothers' decline and collapse, 326, 334–335
 - Lehman's disregard of risk management, 177
 - LTCM collapse, 58
 - Merrill Lynch's 2007 subprime exposure, 259

- Securities and Exchange Commission (SEC)
(continued)
- Merrill Lynch's CDO business, 203
 money market fund accounting, 253
 monoline insurers, 277
 Moody's rating of mortgage-backed securities and CDOs, 211–212
 OTC derivatives, 47
 President's Working Group on Financial Markets, 48
 repo markets indicating liquidity risk, 297
 Reserve Primary Fund, 436–437
 shadow banking, 33
 subprime exposure as indicator of impending crisis, 234
 synthetic CDOs, 192–193
 Securities Industry Association, 54
 Securitization, 28, 42–45
 early concerns about housing-securities entanglement, 10
 end of the boom, 214
 housing bust, 213–214
 role in the crisis, 418
 subprime mortgage lending, 68–72, 88–91
 transforming mortgages into mortgage-backed securities, 425
 warehouse lending to mortgage originators, 113–118
 Senate Committee on Banking, Housing, and Urban Affairs, 313
 Senate Permanent Subcommittee on Investigations, 204–205
 Senate Subcommittee on Economic Policy, 21
 Senate Subcommittee on Housing, Transportation and Community Development, 21
 Senderra Funding, 88
 Senior Loan Officer Survey, 396
- Seven deadly frictions in mortgage securitization, 165
 Shadow banking, 27–34, 52–56, 213–214, 275, 427
 Shafran, Steve, 329
 Shearson, 53
 Shelby, Richard, 313
 Shelf registration, 169
 Sherwood, Michael, 269, 273
 Shiller, Robert, 17
 Shock and panic, 419, 435–438
 Short investors, 142–143, 144(fig.), 145, 191–194, 236–237
 Short-term borrowing, costs of, 359 (fig.)
 Short-term interest rates, 40, 56, 84, 421
 Short-term liquidity, 428
 Shu, Sihan, 193–194
 Shumer, Charles, 312
 Siddique, Sabeth, 20–22, 172
 Siegel, Jay, 120–121
 Sieracki, Eric, 248
 SIGTARP, 378–379
 Simpson, William A., 21
 Single-cause explanations, 414–417
 Sirri, Erik, 153, 233, 297
 Sivak, Edward, 22
 Small businesses, 389, 395–396
 Smith Barney, 53
 Snow, John, 66, 172
 Société Générale Bank, 94, 139–141, 268–269
 Solomon, Michael, 302
 Solomon, Peter J., 61
 Solvency failure, 429
 Soundview Home Equity Loan Trust, 145
 Southern Pacific Funding (SFC), 74–75
 Spain
 house price appreciation, 2002–2008, 415(fig.)
 housing bubble, 415–416
 Spare tire theory, 56, 58
 Sparks, Dan, 145
 Special Inspector General for TARP, xii
 Spector, Warren, 285
 Spillenkothen, Richard, 54
 Spitzer, Eliot, 141–142
- Stages of the crisis, 417
 Staley, Jes, 336
 Standard & Poor's 500 Index, 393
 Standard & Poor's (S&P)
 AIG downgrade, 344–345
 Bear Stearns' collapse, 281–282
 mortgage securitization, 71
 structured finance, 43
See also Credit ratings/credit rating agencies
 State government: lending regulations, 13, 96–97, 111–113
 State Street Global Advisors, 284
 Steel, Robert, 305, 313–315, 326, 366
 Stein, Kevin, 11, 108–109
 Stein, Roger, 121
 Stephan, Jeffrey, 407
 Stock market, xvi, 393
 Stock options, 63
 Structured Credit committee, 121
 Structured finance, 28, 42–45
 Structured Investment Vehicles, 427
 Structured-investment vehicles (SIVs), 252–255
 Subprime lending, 101(fig.)
 adjustable-rate mortgages, 85
 adverse market conditions for lenders, 74–75
 as warning sign, xvii
 California, 11
 Citigroup expansion, 92–93
 Community Reinvestment Act, xxvii, 72–74, 97–99, 219–220, 414
 credit bust destabilizing business models, 233–234
 delinquency, 216
 due diligence, 168
 easy financing contributing to the housing bubble, 422
 foreclosure causes, 403
 Goldman Sachs reducing exposure before the bust, 235–238
 increasing access to, 72–74
 increasing levels of, 13–14

- loan origination, 70(fig.), 88–92
mortgage securitization, 68–72
OTC derivatives during the financial crisis, 364
regulation, 75–80
2/28 and 3/27 mortgages, 105–106
See also Adjustable-rate mortgages; Housing bubble; Mortgage lending; Mortgage-backed securities market; Predatory lending practices
Subsidy: Fannie Mae/Freddie Mac, 40
Sullivan, Martin, 243, 273
Sumitomo Corporation, 47
Summers, Lawrence, 17, 47–48, 78
Sun, Jake, 266
Superior Bank, 75
Super-senior tranches, xix, 195–197, 257–259, 261, 270
Supreme Court: federal and state government regulation of banks, 13
Survey of Consumer Finances, 87
Suspicious activity reports (SARs), 15
SWAT teams, 297
Swecker, Chris, 15, 161–162
Synthetic CDOs, 142–146, 144(fig.), 189, 191, 194–200, 247, 426. *See also* Collateralized debt obligations
Synthetic securities, xvi, 426
Syron, Richard, 41, 179–180, 314–315, 320
Systemic failure, 431–433
Tabe, Henry, 253
Taking the name, 361–362
Tannin, Matt, 137, 238–239
Taylor, John, 10, 103, 404, 421
Taylor rule, 421
TCW Group, 143, 145
Technology: mortgage market modeling, 72
Technology bubble, 59–61
Term Asset-Backed Securities Loan Facility (TALF), 396, 400
Term Auction Facility (TAF), 275
Term Securities Lending Facility (TSLF), 286–287, 294, 354
Thain, John, 335, 342
Thomas, Jason, 314
Thompson, Diane, 78
Thompson, Ken, 304
3/27 mortgages, 104–106
Timberwolf CDO, 237
“Too big to fail” (TBTF), 37, 57–58, 431–432
Tourre, Fabrice, 235–236
Tranches
attraction of mortgage-backed securities, 124–125
CDO structuring into, 131–133
CDOs creating demand for, 127–128, 128(fig.)
Citigroup CDO structuring, 195–200
Citigroup liquidity puts, 138
Goldman Sachs’ synthetic CDOs, 143–144
Moody’s ratings, 120–122
See also Collateralized debt obligations; Super-senior tranches
Tranching loans, 43, 70–72, 73(fig.), 115–117, 116(fig.), 406
Transparency, xix–xx
Travelers Insurance:
deregulation of bank consolidation, 54
Treasury bills, 56
Treasury bonds, 30–31
Treasury Department, U.S.
Citigroup TARP funds, 381
concerns over GSEs, 310
GSE emergency line of credit, 316
lack of preparation for crisis, xxi–xxii
Lehman Brothers collapse, 434–435
measuring investment bank liquidity risk, 297–298
mortgage fraud, 15, 161–162
predatory lending report, 11
President’s Working Group on Financial Markets, 48
savings and loan crisis, 36
subprime mortgage lending, 78–79
supporting GSEs, xxvi
TARP, 374–375
Trichet, Jean-Claude, 17
Tri-party repo market, 283–284, 328–331, 334–335, 354, 361
Triple-A mortgage-backed securities, 100
Troubled Asset Relief Program (TARP), xii, 350, 371–376, 381, 396, 400, 405, 434, 436
Turner, Adair, 64
2/28 mortgages, 104–106
UBS Securities, 129, 131, 133–134, 226
Underemployment rate, 390–391
Underwater mortgages, 404(fig.)
Underwriting standards, 105, 109–111
Unemployment
Cleveland, 9–10
during 2007, 233
figures on, xv
foreclosure and, 402–403
increase in metropolitan areas, 23
Unfettered markets, 29–34
United Kingdom
house price appreciation, 2002–2008, 415(fig.)
housing bubble, 415–416
Lehman Brothers bankruptcy, 335–336
University endowments: credit ratings reliance, 119
Upton, Robert, 281–282, 286, 288
Value at Risk (VaR) model, 44, 237
Varley, John, 335
Vasile, Marie, 392

- Vertical integration mortgage model, 204
- Veterans Administration (VA), 38–39
- Vicente, Danielle, 346
- Viniar, David, 235, 273, 377
- Volcker, Paul, 33, 44–45
- Wachovia
acquisition by Wells Fargo, 23
consolidation and growth of banks, 53
credit default swaps, 50
financial crisis, 366–371
Goldman Sachs's CDOs, 143, 145
refusal to follow state regulation, 13
2007 decline, 304–306
- Wachter, Susan M., 17
- Wagner, Ira, 193
- Wagstaff, Bruce, 398
- Waivers, mortgage loans, 166–169
- Wall Street. *See* Banking; Commercial banks and thrifts; Corporate governance; Investment banks
- Warehouse lending, 113–118
- Waring, Brad, 351
- Warne, Janice, 198, 261
- Warning signs, xvii, 3–4, 17–19
- Warrack, Tom, 242
- Marsh, Kevin, 21, 296, 321, 366
- Washington Mutual, xxiii, 436
agencies' peer group study of mortgage practices, 172
financial crisis, 365–366
mortgage-backed securities deals, 117–118
nontraditional loans, 20
option ARMs, 107–108
2007 decline, 302, 306–307
- Websites, xii
- Weill, Nicolas, 221–222
- Weill, Sandy, 55, 63–64
- Wells Fargo
agencies' peer group study of mortgage practices, 172
consolidation and growth of banks, 53
financial sector growth, 65
GSE delinquent loans, 225
litigation over delinquencies, 226
mortgage fraud, 162
nontraditional loans, 20
Wachovia acquisition, 23, 367–370
- Westreich, Anthony, 397
- Wilcox, Ellen, 164
- Williams, Clarence, 390
- Williams, Julie, 13
- Willumstad, Robert, 273, 347–348
- Wilson, David, 367
- Winer, Mark, 124–125, 181–182
- Winslow, F. Dana, 407–408
- Witt, Gary, 147, 149, 208
- Wood, Jonathan, 360–361
- WorldCom, 59
- Wyman, Oliver, 284–285
- Yield spread premiums, xxii
- Yingling, Edward, 54
- Yoshizawa, Yuri, 150, 211
- Zandi, Mark, 23, 214–215
- Zero-loss tolerance concept, 276