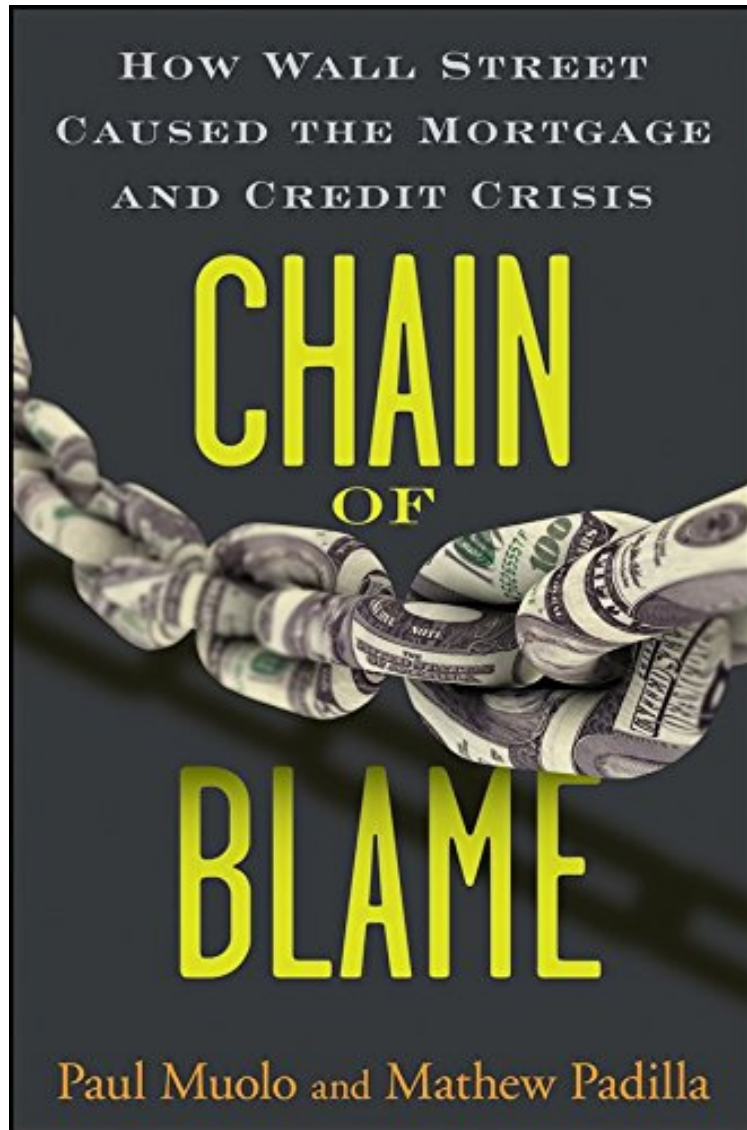


(Download pdf ebook) Chain of Blame: How Wall Street Caused the Mortgage and Credit Crisis

Chain of Blame: How Wall Street Caused the Mortgage and Credit Crisis

Paul Muolo, Mathew Padilla

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Paul Muolo, Mathew Padilla : Chain of Blame: How Wall Street Caused the Mortgage and Credit Crisis before purchasing it in order to gauge whether or not it would be worth my time, and all praised Chain of Blame: How Wall Street Caused the Mortgage and Credit Crisis:

4 of 5 people found the following review helpful. What goes up.....By Rick SpellThis book is of particular interest as I am a Mortgage Trader at a regional investment banking firm. My business was terrible from 20004-2007 as virtually every loan that was made was securitized. There were no portfolio lenders for me to manage their portfolios. You

would think with this insight and the fact that I gave speeches from 2004 about the coming housing crash I would be insulated from this debacle. Unfortunately, while my business has returned to record levels as banks need help with their bad assets, I also underestimated the risk level and some of my leveraged investments were the hardest hit. Not "Madoff" level hits but not far from it. So, have a good laugh at my expense. I deserve it. This book does an excellent job explaining the series of events and working arrangements that led to this environment. Yes, mortgage brokers had every incentive to originate the loan and some false information sure wouldn't hurt their income. The Mortgage Companies became addicted to growth and stock levels. And Wall Street, the smartest guys in the world (just ask them), was the biggest crack addict to subprime mortgages. This book specifically closes with a damning section of Wall Street, their involvement, and the specific people that made decisions to grow the business in some cases causing them their jobs and reputation. A substantial amount of the book is about Mozilo, Chairman/Founder of Countrywide, the largest mortgage banking firm who was late into subprime as he was concerned about the credit. The book reports both good and bad and while I'm sure he wouldn't like how he is portrayed, it's a very fair picture. A "from the street guy" who grew nothing into a real giant and revolutionized mortgage banking. In the end, he has money but a tattered reputation having to attend a congressional hearing where he was told what a bad guy he was. The only person not really faulted is the consumer. Consumers have overspent for over 10 years and as long as credit in the form of mortgages, home equity lines, and credit cards were available, they would use it. I recently talked to a relative over 70 with a minor retirement from 20 years of military service who was laid off his job. He disclosed he had \$50,000 of credit card debt, all current as he is a solid American who would never knowingly make bad debts. But it really doesn't matter. He can't afford this debt and this is about to be a loss. NO WAY AROUND IT! That is the mentality in America now. As I do lots of business with FNMA and Freddie Mac I am compelled to say that the recent political climate has made them the target of blame. Their A Credit mortgage machine has done more for housing in America than any other factor and I hope they are left to continue this process although I believe they should be government owned as their advantage is the cheap borrow costs of the implied government guarantee they enjoy. They have admitted to me during this period that they were challenging whether they were obsolete and the old rules didn't apply. So they stuck their toe in the A- credit market. FNMA currently has 11% of their portfolio in Alt A paper. 50% of their losses is from this lower grade of paper. The math does not work. Lower credit people will default and a higher interest rate will not compensate. It's been seen time and time again dealing with subprime auto paper since the 80s. Bubbles happen and people become blinded by greed and the belief that there is money to be made. I certainly found myself caught in this "asset devaluation vortex". AND IT WILL HAPPEN AGAIN! For now we need to save, stop borrowing and return to values more simplistic. At least that's what I'm attempting to do. Read this book for an excellent BUT technical analysis of the subprime debacle. Very well written. 1 of 1 people found the following review helpful. Delivered quick and in good shape By Tim Morgon The book was in very good shape, except for a few notes written throughout by the previous owner. Not too far along, but it seems as though it is the typical liberal slant on what happened. 1 of 1 people found the following review helpful. Understand the 2008 financial kerfuffle. By llane These authors were clearly ahead of their time. Clear description of how the 2008 real estate fiasco happened. Very sad tale, but necessary to understand.

An updated and revised look at the truth behind America's housing and mortgage bubbles In the summer of 2007, the subprime empire that Wall Street had built all came crashing down. On average, fifty lenders a month were going bust and the people responsible for the crisis included not just unregulated loan brokers and con artists, but also investment bankers and home loan institutions traditionally perceived as completely trustworthy. Chain of Blame chronicles this incredible disaster, with a specific focus on the players who participated in such a fundamentally flawed fiasco. In it, authors Paul Muolo and Mathew Padilla reveal the truth behind how this crisis occurred, including what individuals and institutions were doing during this critical time, and who is ultimately responsible for what happened. Discusses the latest revelations in the housing and mortgage crisis, including the SEC's charging of Angelo Mozilo Two well-regarded financial journalists familiar with the events that have taken place chronicle the crisis in detail, showing what happened as well as what lies ahead Discusses how the world's largest investment banks, homeowners, lenders, credit rating agencies, underwriters, and investors all became entangled in the subprime mess Intriguing and informative, Chain of Blame is a compelling story of greed and avarice, one in which many are responsible, but few are willing to admit their mistakes.

"Chain of Blame is one of the first books to delve deeply into the central role that big banks played in the mess; for a juicy, name-dropping read, Muolo and Padilla's book is hard to beat." --BusinessWeek "Muolo and Padilla examine just who was to blame for the crisis and find that it is not just cowboy operators." (CEO Middle East, September 2008) "a level-headed book; the anecdotal style is easy-going... much the best book on the mortgage industry"; Fund Strategy 1 September 2008 "a ripping piece of reporting"; The authors know their stuff. Bloomberg News Monday 28 July 2008 From the Inside Flap Americans are losing their homes at a rate not seen since the Great Depression. Prices continue to fall sharply despite the reassurances of

just a few years ago that all was rosy on the housing front. Many factors have been blamed for this crisis, but who is really responsible? And perhaps more importantly, why was everyone so taken by surprise? In *Chain of Blame*, acclaimed financial reporters Paul Muolo and Mathew Padilla go behind the headlines to tell the inside story of why Wall Street's established investment banks bear much of the blame for the events that have cost millions of Americans their homes. They show in detail how, from 2000 to 2007, executives from Merrill Lynch, Bear Stearns, Lehman Brothers, and others financed non-bank mortgage lenders that eagerly sold their mortgages to consumers through loan brokers. Wall Street then sold bonds backed by subprime mortgages to overseas investors in Europe and Asia; which led to financial difficulties there as well. The authors build their compelling story around the key players in this tragedy, first and foremost being Angelo Mozilo, founder and CEO of Countrywide Financial, America's largest home mortgage lender. From Mozilo's July 2007 conference call with a group of top Wall Street equities analysts; which marks the true beginning of this fiasco; to his congressional rebuke in 2008, *Chain of Blame* chronicles the crisis in detail, showing readers what happened, who is responsible, and what lies ahead. As the dust settles around these life-shattering events, the blame game has begun. But as Muolo and Padilla show with stunning clarity, there is really no single entity or individual to point the finger at. It was a mix of factors and participants; the world's largest investment banks, homeowners, lenders, credit rating agencies and underwriters, and investors; that precipitated the current subprime mess. *Chain of Blame* ultimately reveals how human behavior and greed drove the demand, supply, and the investor appetite for these types of loans; and how Wall Street was all too willing to satisfy the desires of those who should have known better.

From the Back Cover
Praise for *Chain of Blame*
The truth behind America's housing and mortgage crisis "Two of the smartest, most entertaining investigative reporters alive, describe one of the most important financial stories of our time. If you had any skin at all in the housing boom, you've got to read the story of exactly how that boom went bust. As Paul Muolo did with the SL crisis of the '80s, he and Mathew Padilla have now become the chief chroniclers of the subprime crisis." —David Asman, Host of America's Nightly Scoreboard on Fox Business Network and Forbes on Fox on Fox News Channel, and former op-ed editor of the Wall Street Journal "Paul Muolo and Mathew Padilla display their deep knowledge of the mortgage industry and all its players. *Chain of Blame* is a comprehensive examination of a crisis that affects us all." —Scott Cohn, Senior Correspondent, CNBC
In the summer of 2007, the subprime empire that Wall Street had built all came crashing down. On average, fifty lenders a month were going bust; and the people responsible for the crisis included not just unregulated loan brokers and con artists, but also investment bankers and home loan institutions traditionally perceived as completely trustworthy. *Chain of Blame* chronicles this incredible disaster, with a specific focus on the players who participated in such a fundamentally flawed fiasco. Authors Paul Muolo and Mathew Padilla, well-regarded journalists for National Mortgage News and the Orange County Register respectively, reveal the truth behind how this crisis occurred, what individuals and institutions; from lenders and brokers to some of the biggest investment banks in the world; were doing during this critical time, and who is ultimately responsible for what happened.