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**Statement of Laurent Bossard  
Chief Executive Officer  
WMC Mortgage Company**

**United States Senate  
Committee on Banking,  
Housing, and Urban Affairs**

**March 22, 2006**

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**CEO WMC Mortgage Company**  
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Good morning [afternoon]. Chairman Dodd, Ranking Member Shelby, and other members of the committee, thank you for the opportunity to address you today on this important issue. My name is Laurent Bossard, CEO of WMC Mortgage.

I am pleased to be here today to participate in the Committee's effort to gain a better understanding of the economic and industry conditions affecting the market, and to learn from them. Like members of this committee, we believe that a vibrant and responsible industry plays an important role in consumers' ability to access credit for home ownership.

As you may know, WMC is a wholly owned subsidiary of GE Money, the consumer lending division of the General Electric Company. WMC was a company that originated non-prime mortgages and sold them in the capital markets to a variety of institutions including investment and commercial banks. WMC was acquired by GE Money in June 2004.

Along with the members of this committee, we are concerned about the impact of recent market developments. These changes affect both consumers and lenders.

WMC has been responding to these changes in a number of ways. First, we have made changes to our own business. I joined WMC in November 2006 as president and was named CEO in January. We are restructuring WMC in order to adapt its operations to the evolving market environment. In addition, GE Money made the decision post-acquisition to place WMC's mortgage operations under federal regulation. This was accomplished by bringing the mortgage business under GE Money's Federal Savings Bank. This process was completed on January 1, 2007.

Over the last twelve months, we have made improvements to our underwriting processes. WMC adheres to the Federal Interagency Guidance on Nontraditional Mortgage Products. In addition, we support the federal bank regulators' Proposed Statement on Subprime Mortgage Lending, and are implementing their recommendations. For example:

- Borrowers will be qualified using the fully indexed rate.
- Second, on new loans, prepayment penalties will expire 60 days prior to the first interest-rate reset date. This provides borrowers with enhanced flexibility to avoid prepayment fees.
- Third, WMC will not make loans based on stated income, except in the case of borrowers who are self-employed, and then only with appropriate verification.

Beyond what has been proposed in the guidance, WMC will continue its historic policy to not offer any option ARMs or products with negative amortization. And going forward, we will begin to hold a portion of this loan portfolio on our own books. This will allow us to better work with borrowers and other industry participants to help keep homeowners in their homes.

These changes help us meet our goal of providing consumers with access to fair and competitively priced mortgage products, with clear and understandable terms, and to keep them in the homes they purchase.

We are here today to contribute to a discussion that leads to a better understanding of the current market conditions. We also want to emphasize our desire to work with you and our regulators on solutions. To this end, we would support standards to govern the conduct of all participants in the mortgage process.

In closing, I would like to thank the committee for the opportunity to share our views with you today. We look forward to working with you and our regulators. We want to play a responsible role in providing consumers with products that meet their needs, allow them to live in their own homes, and invest in their future.

Thank you very much.

