

Crisis keeps Clayton busy

Firm advises banks, government on mortgage issues

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Phil Noel/Staff photographer From left, Peter Kushel, chief financial officer, Steve Cohen, vice president and general counsel, and Tom Donatacci, vice president of sales and marketing meet in the Shelton office of Clayton Holdings LLC.

Clayton Holdings LLC, a Shelton-based mortgage-consulting firm, is a housing crisis survivor. The firm has never been busier than since the debacle began, said Paul Bossidy, Clayton's chief executive officer. "Despite the crisis, we saw the company had great skills and we still had excellent opportunities to solve problems for our customers," he said.

Clayton, which has 350 employees and additional offices in Denver, Tampa, Costa Mesa, Calif.; and Bristol, England, has found an active niche in helping banks improve the quality of the loans that they are underwriting, Bossidy said.

"We're helping companies underwrite those mortgages to make sure they are underwritten properly and perform quality control on the underwriting," he said. "The market had gotten away from sound principles and those originators thought 'It's not going to be my problem because I'm going to sell it off to investors.' Well, it became everyone's problem."

The market hopefully will begin to turn around in the first quarter of 2010 after housing prices bottom out, said Bossidy, former chief executive officer with General Electric Capital Solutions, the Danbury-based leasing unit of GE. His father is Ridgefield resident Larry Bossidy, former head of GE Capital precursor of GE Credit, and CEO of AlliedSignal Corp. and Honeywell Inc.

"The rate of decline for the housing market has slowed, but I'd say we are still dealing with some serious issues," Bossidy said, adding that the foreclosures rate is still high. "The end is in sight, but we're not through it."

Clayton, which works with banks, investors and credit associations, also is helping loan servicers to modify loans and the government administer programs to slow the rate of foreclosures, Bossidy said.

"We expect that (part of the business) to grow as the government maintains its presence," he said.

The company also monitors servicers for investors and banks through its Servicer Surveillance program, Bossidy said. "We're very busy," he said.

Clayton was founded in 1989 by Steve Lamando, who sold it in 2003 to Boston-based private equity firm TA Associates, Bossidy said. TA Associates took Clayton public in 2006. It was acquired last year by Greenfield Partners in Norwalk, which returned the firm to privately-held status, he said.

Clayton, which Lamando said started to review loans during the savings and loan crisis, has changed its focus since being bought by Greenfield to helping firms and agencies through the crisis, said Steve Cohen, Clayton's senior vice president.

"We're very proud that large institutions have chosen us," he said.

The mortgage industry has taken a much more conservative approach to lending as a result of the crisis, said Robert Kennedy, executive vice president of the Connecticut Association of Realtors in East Hartford.

"Certainly, it has corrected itself and adjusted to a more fiscally responsible standard," he said, adding that it makes sense that Clayton's services would be in great demand for banks and institutions. "I'm sure this firm is pretty busy."

Clayton helps banks avoid pitfalls.