Andrew Cuomo and Fannie and Freddie

How the youngest Housing and Urban Development secretary in history gave birth to the mortgage crisis

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There are as many starting points for the mortgage meltdown as there are fears about how far it has yet to go, but one decisive point of departure is the final years of the Clinton administration, when a kid from Queens without any real banking or real-estate experience was the only man in Washington with the power to regulate the giants of home finance, the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC), better known as Fannie Mae and Freddie Mac.

Andrew Cuomo, the youngest Housing and Urban Development secretary in history, made a series of decisions between 1997 and 2001 that gave birth to the country's current crisis. He took actions that—in combination with many other factors—helped plunge Fannie and Freddie into the subprime markets without putting in place the means to monitor their increasingly risky investments. He turned the Federal Housing Administration mortgage program into a sweetheart lender with sky-high loan ceilings and no money down, and he legalized what a federal judge has branded "kickbacks" to brokers that have fueled the sale of overpriced and unsupportable loans. Three to four million families are now facing foreclosure, and Cuomo is one of the reasons why.

What he did is important—not just because of what it tells us about how we got in this hole, but because of what it says about New York's attorney general, who has been trying for months to don a white hat in the subprime scandal, pursuing cases against banks, appraisers, brokers, rating agencies, and multitrillion-dollar, quasi-public Fannie and Freddie.

It all starts, as the headlines of recent weeks do, with these two giant banks. But in the hubbub about their bailout, few have noticed that the only federal agency with the power to regulate what Cuomo has called "the gods of Washington" was HUD. Congress granted that power in 1992, so there were only four pre-crisis secretaries at the notoriously political agency that had the ability to rein in Fannie and Freddie: ex–Texas mayor Henry Cisneros and Bush confidante Alfonso Jackson, who were driven from office by criminal investigations; Mel Martinez, who left to chase a U.S. Senate seat in Florida; and Cuomo, who used the agency as a launching pad for his disastrous 2002 gubernatorial candidacy.

With that many pols at the helm, it's no wonder that most analysts have portrayed Fannie and Freddie as if they were unregulated renegades, and rarely mentioned HUD in the ongoing finger-pointing exercise that has ranged, appropriately enough, from Wall Street to Alan Greenspan. But the near-collapse of these dual pillars in recent weeks is rooted in the HUD junkyard, where every

Cuomo decision discussed here was later ratified by his Bush successors.

And that's not an accident: Perhaps the only domestic issue George Bush and Bill Clinton were in complete agreement about was maximizing home ownership, each trying to lay claim to a record percentage of homeowners, and both describing their efforts as a boon to blacks and Hispanics. HUD, Fannie, and Freddie were their instruments, and, as is now apparent, the more unsavory the means, the greater the growth. But, as Paul Krugman noted in the *Times* recently, "homeownership isn't for everyone," adding that as many as 10 million of the new buyers are stuck now with negative home equity—meaning that with falling house prices, their mortgages exceed the value of their homes. So many others have gone through foreclosure that there's been a net *loss* in home ownership since 1998.

It is also worth remembering that the motive for this bipartisan ownership expansion probably had more to do with the legion of lobbyists working for lenders, brokers, and Wall Street than an effort to walk in MLK's footsteps. Each mortgage was a commodity that could be sold again and again—from the brokers to the bankers to the securities market. If, at the bottom of this pyramid, the borrower collapsed under the weight of his mortgage's impossible terms, the home could be repackaged a second or a third time and either refinanced or dumped on a new victim.

Those are the interests that surrounded Cuomo, who did more to set these forces of unregulated expansion in motion than any other secretary and then boasted about it, presenting his initiatives as crusades for racial and social justice.

Cuomo was shrewd enough at the age of 24 to manage his father's successful 1982 gubernatorial campaign, and to help run his government. The only statewide campaign his father ever lost was in 1994—when Andrew was at HUD as an assistant secretary and couldn't manage it. He is as quick and as silver-tongued as the elder Cuomo he sounds so much like, but HUD was a test of his depth, so he found himself balancing competing forces and making deals on a grander scale than he was used to in Albany. We now know that he was also making history.

In 2000, Cuomo required a quantum leap in the number of affordable, low-to-moderate-income loans that the two mortgage banks—known collectively as Government Sponsored Enterprises —would have to buy. The GSEs don't actually sell mortgages to borrowers. They buy them from banks and mortgage companies, allowing lenders to replenish their capital and make more loans. They also purchase mortgage-backed securities, which are pools of mortgages regularly acquired by the GSEs from investment firms. The government chartered these banks to pump money into the mortgage market and, while they did it, to make a strong enough profit to attract shareholders. That created a tug-of-war between their efforts to maximize shareholder value, which drove them toward high-end mortgages, and their congressionally mandated obligation to finance loans for those who needed help. The 1992 law required HUD's secretary to make sure housing goals were being met and, every four years, set new goals for Fannie and Freddie.

Cuomo's predecessor, Henry Cisneros, did that for the first time in December 1995, taking a cautious approach and moving the GSEs toward a requirement that 42 percent of their mortgages serve low- and moderate-income families. Cuomo raised that number to 50 percent and dramatically hiked GSE mandates to buy mortgages in underserved neighborhoods and for the "very-low-income." Part of the pitch was racial, with Cuomo contending that Fannie and Freddie weren't granting mortgages to minorities at the same rate as the private market. William Apgar, Cuomo's top aide, told *The Washington Post*: "We believe that there are a lot of loans to black Americans that could be safely purchased by Fannie Mae and Freddie Mac if these companies were

more flexible."

While many saw this demand for increasingly "flexible" loan terms and standards as a positive step for low-income and minority families, others warned that they could have potentially dangerous consequences. Franklin Raines, the Fannie chairman and first black CEO of a *Fortune* 500 company, warned that Cuomo's rules were moving Fannie into risky territory: "We have not been a major presence in the subprime market," he said, "but you can bet that under these goals, we will be." Fannie's chief financial officer, Timothy Howard, said that "making loans to people with less-than-perfect credit" is "something we should do." Cuomo wasn't shy about embracing subprime mortgages as a possible consequence of his goals. "GSE presence in the subprime market could be of significant benefit to lower-income families, minorities, and families living in underserved areas," his report on the new goals noted.

Moody's didn't sound an immediate alarm, but its senior analyst, Stanislas Rouyer, said the expansion into subprime loans and the lower level of documentation that came with them could mean that Fannie 's loss levels would increase in the future. Steven Holmes, a reporter from the *Times*'s Washington bureau, wrote at the time: "In moving, even tentatively, into this new area of lending, Fannie Mae is taking on significantly more risk, which may not pose any difficulties during flush economic times. But," he added, "the government-subsidized corporation may run into trouble in an economic downturn, prompting a government rescue similar to that of the savings and loan industry in the 1980s."

When HUD released the next set of goals in 2004, it reported that after Cuomo's previous edict, there had been a sudden spurt of GSE subprime investment, "partly in response to higher affordable-housing goals set by HUD in 2000." Fannie had gone from $1.2 billion in subprime-mortgage and securities purchases in 2000 to $9.2 billion in 2001 and $15 billion in 2002. Freddie's numbers were murkier, but clearly also on the rise. In 2003 alone, the two bought $81 billion in subprime securities—which also count against the goals.

Fannie also developed a "flexible" product line, providing up to 100 percent financing and requiring borrowers to make as little as a $500 contribution, and bought $13.7 billion of those loans in 2003. In addition to subprime loans and securities, both banks burst into the "alt-a" market, making alternative products easily available to borrowers who had slightly better credit histories than subprime borrowers, but were unwilling to provide full documentation of their financial histories. (It was the "alt-a" investments that recently brought down the private bank IndyMac.) These risky adventures, according to the 2004 HUD report, prompted Freddie to claim that "the increased goals created tension in its business practices between meeting the goals and conducting responsible lending practices," a self-serving attempt to plant the blame back on HUD.

After this initial uptick, the two banks purchased $434 billion in securities backed by subprime loans between 2004 and 2006. *The Washington Post* noted this June that the GSEs' aggressive acquisitions "created a market for more such lending" by others, feeding the fire. No one knows just how big a bite the subprime mess is now taking out of the GSEs, or how much of that portfolio will ultimately go bad, but it has become axiomatic that, whatever the total, it is too much, since it will have seriously shaken confidence in these two linchpin institutions.

That June *Post* story focused its critical reassessment of HUD's affordable-housing goals on the department's 2004 decision—during the Bush re-election campaign—to juice them up again, pushing the target to 56 percent by 2007. Though the story never mentioned Cuomo—whose three-year, eight-point goal hike exceeded Bush's more gradual six-point increase—it did quote his

top aide William Apgar, who helped craft the 2000 policy, saying: "It was a mistake." Apgar, who now teaches at Harvard, conceded, "In hindsight, I would have done it differently."

But raising the affordable-housing goals was only half the Cuomo story.

The HUD secretary is also required to produce voluminous rules that govern how the GSEs meet those goals, and the 187-page rules Cuomo issued opened the door to abuse.

The rules explicitly rejected the idea of imposing any new reporting requirements on the GSEs. In other words, HUD wanted Fannie and Freddie to buy risky loans, but the department didn't want to hear just how risky they were.

HUD conceded in the rules that many consumer groups had urged it to insist that the GSEs provide "loan-level data" revealing how many of their loans contained high interest rates, prepayment penalties, or other requirements that presaged bad loans.

Indeed, in March 2000, HUD had acknowledged that the new goal-driven pressure on the GSEs might "warrant increased monitoring and additional reporting." But when the final rules were adopted in October, that momentary caution had been abandoned: "HUD is not establishing any requirements for additional data to carry out this rule." The report explained that the GSEs "objected" to information mandates "related to their purchases of high-cost mortgages," so HUD decided against imposing "an undue additional burden." HUD would have no way of telling how abusive the low-income mortgages it was mandating might be.

Reporting from the GSEs to HUD "does not provide the details . . . [for] effective monitoring of their subprime activity," warned Allen Fishbein in a housing journal two years after the rules were published. Fishbein, who was the senior advisor at HUD for GSE oversight under Cuomo and is now general counsel at the Center for Community Change, said that HUD "should have the necessary information" to determine if the GSEs were purchasing "loans with predatory features," but that it did not.

In a *Voice* interview, Fishbein, who was reluctant to say a critical word about the regulations he and Cuomo developed, did acknowledge that "it would have been a beneficial thing" to have required such data from the GSEs in the 2000 rule-making, though he contended that HUD has "the general authority to collect it" without a rule-making.

"I certainly would have favored more data in hindsight," he said. But the failure to include reporting requirements that many consumer groups championed *at the time* was an invitation then—and not just in retrospect—for the GSEs to hide bad loans. Fishbein prefers to blame the lack of verification on the Bush administration, but when Cuomo issued his rules barely a week before the 2000 election, he failed to put any data demands in place that would have alerted the next administration, regardless of who it was, to any risks in the new GSE portfolio. In fact, Bush's HUD did institute some reporting requirements in 2004, but then never revealed much of what was learned.

But Cuomo wasn't only stifling data that HUD could use to keep the GSEs out of trouble. He also went against his own recommendation—in a report issued jointly with the Treasury Department a few months earlier—that called for a prohibition against the GSEs purchasing loans "with high costs and/or predatory features." Instead, Cuomo decided without explanation to adopt rules that prohibited *nothing*.

Consumer groups then contended that if HUD wasn't going to bar bad loans, it should at least penalize the GSEs for every one they made. Cuomo declined to do that as well, instead declaring that loans with specific odious terms would not be counted against the goals. His allies have pointed to this refusal as evidence of his toughness, but Cuomo couldn't very well *reward* Fannie and Freddie for purchasing bad loans. And the absence of any reporting requirements made it virtually impossible to figure out which loans shouldn't be credited anyway.

Cuomo also adopted Fannie and Freddie's standards of what a bad loan was, almost verbatim. For example, HUD accepted Fannie's many caveats on prepayment penalties—a predatory practice long condemned by housing advocates. The final rules allowed the GSEs to take goal credit on some loans that carried these penalties, even though these sky-high charges often either bound borrowers to bad mortgages or cost them dearly to climb out.

It should come as no surprise, then, that Fannie conceded in 2005 that 10 percent of its loans had such prepayment penalties. HUD's next rulemaking, in 2004, freely acknowledged that "certain practices were not enumerated in the regulations adopted in 2000," including certain kinds of prepayment penalties, and that they "often lock borrowers into disadvantageous loan products." But once again, HUD did nothing about those practices.

While fashioning these final rules, Cuomo wrestled with the octopus-like reach of Fannie and Freddie, which spend tens of millions each year on lobbying firms. The GSEs hired 88 lobbying firms over six years, three of which were friendly enough with Cuomo to give to his campaign committee later.

Just a look at the New Yorkers tied to the GSEs must have impressed Cuomo, who, after all, would soon return to New York politics. Harold Ickes, the former Clinton chief of staff and a Democratic power broker in this state, was on the Freddie board. Tom Downey, the former New York congressman who would later donate $21,894 to Cuomo, was a Fannie lobbyist. And Al D'Amato, the former banking committee chair who'd shepherded Cuomo's appointment through the Republican Senate, was a Fannie consultant.

But Cuomo was closer to the GSEs' most formidable *opponents*—namely, the Mortgage Bankers Association (MBA), regarded as the most influential private real-estate finance lobby in Washington, and the upstart FM Watch, a new coalition of heavyweights from Chase to AIG. Both of these groups wanted Cuomo to put as much affordable-housing pressure on the GSEs as he could, and they said so in their releases and newsletters. They opposed what they called Fannie and Freddie's profit-driven "mission creep," which they saw as a publicly subsidized invasion of their high-end mortgage market. Their goal was the same as Cuomo's: to push Fannie and Freddie deeper into low-end mortgages, consistent with the mission statement in their charters.

Two of Cuomo's aides who had also worked for his father, Howard Glaser and Todd Howe, left HUD to take top jobs at the association in the middle of the GSE rule-making (the MBA parted company with both once Andrew was out of HUD). In 2000, a year after Howe joined the association, he described how he had helped build a grassroots MBA effort to pressure Congress and others into supporting HUD in what he described as the "battle" being "waged against Fannie Mae." Glaser's Harvard alumni biography says he "played a key role in negotiating a multi-billion-dollar increase in GSE affordable-housing goals." He and Howe—who insist they had "no contact" with Cuomo on the MBA's behalf—have given $3,000 to Cuomo in recent years.

The MBA also retained Brad Johnson, another ex–Mario Cuomo aide described as his "eyes and ears" in Washington, to lobby HUD while Andrew was secretary. Three other long-term HUD

staffers who worked there under Cuomo—including the lawyer who was the contact person listed on the GSE rules—also ended up at the MBA or one of its lobbying firms. Angelo Mozilo, the CEO of Countrywide who's become the face of the subprime scandal, was at one point the MBA's president and a member of its executive committee throughout Cuomo's HUD tenure. He and other MBA leaders became Cuomo donors, with Mozilo donating $1,000 twice—in 2002 and 2006.

Describing HUD as "the court of last resort" and "a key ally," MBA president Kit Sumner hailed Cuomo shortly after the announcement of the GSE goals at the organization's annual convention, which usually draws 6,000 lenders and brokers. Cuomo spoke at the convention every year during his tenure, appeared there as recently as 2004, and was listed on the agenda for 2005, though the MBA says he didn't attend. His father was a paid convention speaker in 2004 as well. Cuomo was regarded as such a friend of the MBA that National People's Action, a Chicago-based housing group, staged protests unrelated to the GSEs at the MBA, HUD, and Cuomo's home in McLean, Virginia. The group's spokesman declared: "We know that the MBA has a lot of pull with Andrew Cuomo, and we tried to convince them to back off. MBA said they are fully committed to HUD."

FM Watch's lobbyists during the Cuomo years at HUD included Tony Podesta, the brother of Clinton's chief of staff, and the law firm Akin Gump, where Cuomo has so many allies that his campaign committee has collected $67,550 in contributions there since he formed it in early 2001. Joel Jankowsky, head of the Akin lobbying group that represented this single-issue group, gave $7,500 to Cuomo—most of it within weeks after the formation of Andrew's committee in 2001. Jankowsky is a close personal friend of Dan Glickman, who joined Akin when he stepped down as agriculture secretary just as Cuomo left HUD in 2001. Glickman's wife Rhoda was Cuomo's deputy chief of staff, and the two Glickmans donated $10,500 to Cuomo. They also covered $23,900 of their own expenses traveling and fundraising for the campaign, which listed that as an in-kind contribution.

These groups clearly had Cuomo's ear, but he was also being pushed to commit the GSEs to more affordable and, in some cases, riskier loans by consumer organizations—groups like ACORN, which has considerable clout in New York elections. The housing advocates were happy with Cuomo's goal-setting at HUD, but the lax reporting requirements and predatory-lending loopholes suggest who was actually driving his agenda. The MBA and FM Watch didn't care about these issues; advocates did. When the final rules were announced, most of the consumer groups said little about these loopholes, but Bruce Marks, CEO of the Neighborhood Assistance Corporation, criticized the tepid enforcement: "What you're seeing is Fannie and Freddie flexing their muscle," he observed. "They have more money than God, and they use it."

Cuomo wouldn't answer *Voice* questions for this piece, but he was briefed on every issue raised in it and discussed his responses with Glaser, who replied in both interviews and e-mails. Glaser insisted that raising the GSE goals "was a good thing then and now," contending that "no one ever criticized Cuomo for not taking on the fight at HUD" and blaming "the Bush team that never even tried" for the mistakes that have led to the current debacle.

He dismissed the failure to include any reporting requirements in the rules by confusing it with a parallel path that Cuomo took in his final two years—an eventually successful effort to get the GSEs to supply HUD with data on the terms of 10 million loans from their automated underwriting (AU) system. Glaser contends that the GSE's ad hoc decision to turn over that information—which no court was even asked to order—obviated the need to put any data requirements in a binding rule. It's odd that Glaser makes that argument now, since Cuomo never did so when he was making the rules, and when he went on for pages about whether or not to require loan data. In fact, Cuomo's

handling of the AU data itself has long been a sore spot. Fishbein's 2002 article noted that HUD completed its review of the data in 2000, but "inexplicably has yet to release the results." (Fishbein says he doesn't know if this was Cuomo's fault.)

Glaser argues that "mortgage bankers thought Cuomo was the toughest secretary they had ever known," especially Mozilo. But Cuomo was celebrated in issue after issue of the MBA's weekly publication, *Real Estate Finance Today*, and his MBA alliance went well beyond the GSEs—in particular, the steps he took to reshape the Federal Housing Administration, which guarantees millions of mortgages. These actions, too, sought to maximize homeownership—this time by opening the FHA's door to borrowers unable to qualify in the past, a lofty goal that has also helped spur an FHA delinquency rate that exceeds its subprime competitors. The MBA cheered each of these Cuomo decisions—dramatically raising the limits on the size of FHA loans, slicing the down-payment requirement to 3 percent, and cutting the agency's insurance-premium costs virtually in half. Cuomo even supported down-payment and closing-cost assistance programs that allowed FHA borrowers to buy a home without spending a cent of their own money up front.

To the MBA, bigger FHA guarantees on the loans that MBA members granted, combined with easier terms, was a recipe for greater profits. That's why Cuomo announced the insurance cut at their convention shortly before he left office. And that's why the front page of the MBA paper was headlined "MBA Welcomes New FHA Ceiling" when he raised the loan limits, eventually nearly doubling them to $235,000. His decision to grant such large FHA mortgages was, as the GSEs pointed out, in stark contrast with his efforts to drive them into the affordable market. Indeed, it was GSE opposition to the new FHA ceilings that sparked the firefights between them and the Cuomo/MBA combine. At first, the Bush administration echoed Cuomo's FHA policies, but when the crisis hit, it began condemning down-payment assistance and urging a sliding, risk-based scale of insurance premiums.

Cuomo's fellow attorney generals in Illinois, California, and Massachusetts have filed lawsuits against Countrywide and other mortgage companies in the current crisis. And those lawsuits are aimed in part at the sucker punch called "yield-spread premium" that was thrown at millions of households who got mortgages from brokers. Brokers have taken over the origination market in recent years by aggressively advertising, and they decide which lenders get the business.

Cuomo hasn't sued anybody over these outrageous payments to brokers—which are based on the "spread" between the high interest rate that brokers persuade unwary borrowers to accept and the par or going rate they would ordinarily have to pay. If Cuomo did sue, it might make for an awkward moment or two in court, since it was Cuomo who issued a rule in 1999 that dozens of federal courts have since found legalized the yield-spread premiums. He was the first HUD secretary to say they were "not illegal per se," nullifying most of the 150 class-action lawsuits against them filed across the country.

There are certainly those who believe that YSPs are at the heart of the crisis. Senator Chris Dodd, the chair of the banking committee, is trying to ban them, prodded by the fact that up to 90 percent of subprime mortgages quietly triggered these lucrative payments. When the Federal Reserve recently considered barring them and then backed off, a *Times* editorial charged that it had "balked on banning the practice whereby brokers maximize their commissions by signing up borrowers for the most expensive loan possible, even when the borrower qualifies for a cheaper." The Illinois attorney general, Lisa Madigan, accused Countrywide of structuring their deals with brokers "in a manner that virtually guaranteed" that they were "more concerned with getting the highest YSP possible than getting their borrowers the best loan possible," oblivious to "the possible fraud that

this financial incentive would motivate."

Actually, no one has described what's wrong with YSPs better than Andrew Cuomo himself. In his first year as HUD secretary, when his earliest proposal to reform YSPs attracted a *Times* story, he said: "Too often consumers think the brokers are working for them. In reality, they are working against them." Cuomo's proposed rules that year did not go so far as to prohibit YSPs, but they did require brokers to enter into a written contract with borrowers; the brokers had to check one of three boxes, revealing whether they represented borrowers only or were receiving lender fees. Then they had to disclose the size of the fees, which usually far exceeded what the borrowers were paying.

Cuomo said the point was "to discourage practices that give financial incentives to mortgage brokers that offer higher-priced loans than what are generally available in the marketplace." The MBA, which includes brokers and other industry organizations, got Congressional leaders to oppose it, and Cuomo retreated. A year and a half later, Cuomo adopted a new rule that did the opposite of his first proposal. "The Lending Industry Welcomes Policy Clarification" was the subhead on the MBA's cover story. Cuomo's 1999 rule, issued under pressure from Congress to come up with a policy statement one way or the other because of all the lawsuits, found that YSPs were legal if "reasonably related to the value of the goods" actually furnished or the services "actually performed" by brokers. The Cuomo rule-making also stated that "HUD does not view the name of the payment as the appropriate issue," even though calling something a premium based on a "yield" and a "spread" pretty much destroys any notion that the payment is tied to a good or a service.

Experts point out that borrowers usually have no idea that such a thing exists. In fact, Harvard law professor Howell Jackson discovered that the HUD booklet on settlement costs, issued for distribution to borrowers on Cuomo's watch, never mentions YSPs or how they are financed. "You may wish to ask about the fees that the mortgage broker will receive for its services" is as close as the booklet gets. "Critically absent," concludes Jackson, "is disclosure of the fact that the borrower finances the cost of YSPs through higher monthly mortgage payments." In 1997, Cuomo's proposed rule said that "a consensus" on only one point emerged from the negotiations with the department's broadly based advisory group, namely that "a rule should require that mortgage brokers inform borrowers of the role that they are serving early enough in the transaction to allow the consumer to shop for alternatives." Cuomo's final rule, much like the GSE edict, concluded: "This statement does not mandate disclosures beyond those currently required."

Glaser acknowledged that YSPs are a big cause of the crisis, though he pointedly insisted that they were "not the biggest," and he blamed them on Bush. He pointed out that Mel Martinez issued a YSP rule in late 2001, and claimed that he did so because Cuomo's ruling permitted class-action lawsuits. In fact, courts around the country had denied class-action certifications based on Cuomo's ruling, but a circuit court in Alabama decided that Cuomo's regulations were "ambiguous," which is why Martinez then issued what he called a "clarification" of the Cuomo regulations. But as a San Francisco circuit court found shortly thereafter, the Martinez clarification essentially "reiterated" Cuomo's position and "carries forward the same principles." A dissenting member of the same California panel deplored Cuomo's ruling and said "the phrase 'yield spread premium' " was a "way of avoiding calling a kickback a kickback."

The sad fact is that Cuomo's surrender on YSPs can't be excused as an unfortunate consequence of well-motivated policy, as his defenders have argued regarding his FHA and GSE actions. He has no cover for this one; it exposes him as an agent of special interests. And looking at his GSE and FHA policies through the lens of his retreat on these payoffs (which even Glaser, in a marked change

from his MBA days, now condemns) suggests a pattern of compromised judgments.

With Martinez, who was hailed at a $250,000 fundraiser co-chaired by superlobbyist felon Jack Abramoff right after he stepped down as secretary, and Jackson, who is an FBI target now, following him at HUD, Cuomo was, in some respects, the last chance that borrowers had before the crisis hit. The grand ambitions unleashed when he orchestrated his father's win at such an early age propelled him to HUD's helm at a similarly early age, and convinced him to run for governor before he was ready. He seems more comfortable at 50 in the state attorney general's office than he has ever appeared in his public life, but the country will be living with his HUD mistakes, ill- or well-intended, for a long time to come.