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Ameriquest closes, Citigroup buys mortgage assets

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By Jonathan Stempel
NEW YORK | Sat Sep 1, 2007 9:45am EDT

(Reuters) - Ameriquest Mortgage Co, the largest U.S. subprime lender as recently as 2005, is closing, the latest home loan provider to shut down amid the nation's housing market slump.

Citigroup Inc (C.N), the largest U.S. bank, said on Friday it agreed to buy the wholesale mortgage lending and payment collection assets of Ameriquest's parent, A Capital Holdings, for an undisclosed price.

The acquisition includes the right to collect payments on, or service, \$45 billion of loans. / 2,000 employees work for that operation. A small amount of other loans and assets were included.

Ameriquest was the first major subprime lender to downsize in the current housing cycle, in May 2006 to close all 229 retail branches and cut 3,800 jobs.

Since then, subprime lenders, which make loans to people with weak credit, have faced a downturn. Home prices have declined, defaults have risen and investors have stopped by many home loans that were being made.

Many subprime lenders have filed for bankruptcy protection in the last year, sold themsel

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thin Asia, U.S. hopes help

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shut down.

U.S. President George W. Bush said on Friday the government would try to keep some banks from defaulting, but would not bail out lenders.

Trouble in the subprime mortgage market has spread to other debt markets, including local finance leveraged buyouts, creating big headaches for many commercial and investment banks.

ACC "is preparing the orderly wind down of its retail mortgage business, which is no longer accepting applications," spokesman Chris Orlando said.

Billionaire Roland Arnall, now the U.S. ambassador to the Netherlands, founded ACC in 1997 with his wife, Dawn, is ACC's chairman, according to their official U.S. government biographies; Arnall remains the company's principal owner, Orlando said.

Citigroup obtained an option to buy the assets in February as part of an agreement to provide funding to keep Orange, California-based ACC in business.

Citi said in a statement it would expand its efforts to make sure distressed borrowers get to their homes.

SCALE

Jeffrey Perlowitz, New York-based Citigroup's head of global securitized markets, said in a statement the transaction "allows Citigroup to secure valuable and scalable platforms in a market undergoing significant change."

ACC Vice Chairman Adam Bass in a statement called the transaction "a positive step" for customers and employees.

ACC's spokesman Orlando declined to disclose Ameriquest's recent loan volumes.

Citigroup's purchase is scheduled to close on Saturday.

(Additional reporting by [Dan Wilchins](#))

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