

# PROGRESS REPORT

**JOSEPH A. SMITH, JR., MONITOR**

CHASE RMBS SETTLEMENT  
October 1, 2014

## Introduction

The following public report is my second on JPMorgan Chase's progress under its settlement with the federal government and five states concerning claims that Chase, Bear Stearns and Washington Mutual packaged and sold bad residential mortgage-backed securities to investors before the financial crisis (Chase RMBS Settlement). Specifically, this report contains Chase's self-reported gross Consumer Relief and the credited equivalent that its internal review group (HRG) asserted to me on August 14, 2014. That August 14, 2014, HRG Assertion outlined the credited relief Chase claimed and the HRG validated through the second quarter of 2014.

I have not confirmed the gross dollars represented here because the settlement agreement requires me to validate Chase's claimed credited equivalent, not gross amounts. My previous report detailed the settlement's requirements and provided an update on Chase's validated Consumer Relief credit claimed on a test sample of 100 loans as of March 31, 2014, which amounted to approximately \$6.3 million in reported Consumer Relief credit. This report can be found [here](#).

My team and I are in the process of validating the portion of the credit claimed in the HRG's August 14, 2014, assertion, not including the 100-loan test sample described above. I will report on that additional validated credit before the end of the year. Chase will not receive credit under the settlement until I am satisfied it has met its obligations. Therefore, it would be premature to apply the \$862 million in new relief contained in the August 14, 2014, HRG Assertion against Chase's \$4 billion obligation under the settlement.

## Consumer Relief

Under the Chase RMBS Settlement, Chase is required to provide \$4 billion in credited relief to consumers by December 31, 2017. As detailed in the Monitor's previous report, Chase will receive credit for the following types of relief:

- Modification – Forgiveness/Forbearance of First and Second Lien Mortgages
- Rate Reduction/Refinancing
- Low to Moderate Income, Disaster Area and Other Lending
- Anti-Blight Activities

The different types of relief are credited in different ways and at different amounts, again as explained in the first report.

### Gross Relief

According to Chase's HRG, 46,404 borrowers have received relief from the Chase RMBS Settlement in a gross principal amount of \$7.6 billion. Below is a breakdown of the gross relief provided to borrowers as of June 30, 2014.

Relief Type	March 31, 2014		June 30, 2014		Program to Date	
	Number of Borrowers	Aggregate Amount	Number of Borrowers	Aggregate Amount	Number of Borrowers	Aggregate Amount
First Lien Principal Forgiveness	50	\$5,588,855	2,583	\$234,183,641	2,633	\$239,772,495 <sup>1</sup>
First Lien Forbearance	50	\$4,824,866	3,479	\$234,343,346	3,529	\$239,168,212
Second Lien Principal Forgiveness	—	—	797	\$37,670,339	797	\$37,670,339
Low to Moderate Income and Disaster Area Lending	—	—	39,445	\$7,108,808,513	39,445	\$7,108,808,513
<b>Total Gross Consumer Relief</b>	<b>100</b>	<b>\$10,413,721</b>	<b>46,304</b>	<b>\$7,615,005,839</b>	<b>46,404</b>	<b>\$7,625,419,559</b>

Again, these figures represent gross dollars, not credited relief.

<sup>1</sup> One-dollar difference is due to rounding

## HRG Assertion (credited equivalent)

In its August 14, 2014, assertion, the HRG submitted to the Monitor the amount of Consumer Relief credit that Chase claimed to have earned and that the HRG had validated for the second quarter of 2014. According to the HRG, as of June 30, 2014, Chase had correctly claimed \$868,616,504 of Consumer Relief credit. This includes the test sample of 100 loans the Monitor validated and reported to the public in July 2014.

<b>Consumer Relief</b> Reported through 6/30/2014	<b>March 31, 2014</b>	<b>June 30, 2014</b>	<b>Program to Date</b>
<b>Modification - Forgiveness/Forbearance</b>	\$6,325,087	\$332,204,667	\$338,529,754
<b>Rate Reduction/ Refinancing</b>	—	—	—
<b>Low to Moderate Income and Disaster Area Lending</b>	—	\$530,086,750	\$530,086,750
<b>Anti-Blight</b>	—	—	—
<b>Total Consumer Relief (HRG Assertion)</b>	<b>\$6,325,087</b>	<b>\$862,291,417</b>	<b>\$868,616,504</b>
<b>Total Credited Consumer Relief</b>	<b>\$6,325,087</b>	<b>Crediting in Progress</b>	<b>Crediting in Progress</b>

Again, the reported Consumer Relief credit amounts for the second quarter of 2014 have not yet been verified by the Monitor. The Monitor and his team are in the process of conducting that verification work and will report on the final credited amounts by the end of this year.

## Conclusion

My team and I are performing in-depth testing and review of Chase's and the HRG's work for its Consumer Relief for the second quarter of 2014. I will publicly report on these findings in my next quarterly report before the end of the year. That report will also include the assertion of Chase's HRG for the third quarter of 2014.

# Appendix A

Chase RMBS Consumer Relief <sup>1</sup> Program to Date: 06/30/2014 <sup>2</sup>								
1	Modification - Forgiveness/Forbearance	Number of Borrowers	Aggregate Amount of Relief	Average Amount of Relief	Median Amount of Relief	Standard Deviation	Average Monthly Payment Reduction	Average Monthly Payment Reduction Excluding Escrow (\$)
A	First Lien - Principal Forgiveness	2,633	239,772,495	91,064	69,724	78,386	540	39.95%
B	Principal Forgiveness of Forbearance							
C	First Lien - Forbearance (Payment Forgiveness) <sup>3</sup>	3,529	239,168,212	67,772	45,123	77,530	584	41.36%
D	Second Lien - Principal Forgiveness (including extinguishments)	797	37,670,339	47,265	32,734	45,392	190	47.46%
2	Rate Reduction/Refinancing	Number of Borrowers	Aggregate Amount of Relief	Average Amount of Relief	Median Amount of Relief	Standard Deviation	Average Monthly Payment Reduction	Average Monthly Payment Reduction Excluding Escrow (\$)
A	Rate Reduction							
B	Cross-Servicer HARP							
3	Low to Moderate Income and Disaster Area Lending	Number of Borrowers	Aggregate Amount of Relief	Average Amount of Relief	Median Amount of Relief	Standard Deviation	Average Monthly Payment Reduction	Average Monthly Payment Reduction Excluding Escrow (\$)
A	Low to Moderate Income and Other Lending	39,445	7,108,808,513	180,221	148,979	125,176		
4	Anti-Blight	Number of Borrowers	Aggregate Amount of Relief	Average Amount of Relief	Median Amount of Relief	Standard Deviation	Average Monthly Payment Reduction	Average Monthly Payment Reduction Excluding Escrow (\$)
A	Forgiveness of principal associated with a property where foreclosure is not pursued							
B	Cash costs paid for demolition of dilapidated properties							
C	Mortgages or REO properties donated to accepting municipalities, land banks, or non-profits or to servicemembers with disabilities or relatives of deceased service members							
D	Funds donated to capitalize community equity restoration funds or substantially similar community redevelopment activities							

<sup>1</sup> Portions of this template are intentionally left blank where either creditable relief credit has not been sought program to date or where data elements are not applicable to the relief offered as determined by Chase.

<sup>2</sup> As permitted by the Work Plan, additional eligible Consumer Relief activity for the current or prior quarters may be reflected on future reports.

<sup>3</sup> First Lien - Forbearance (Payment Forgiveness) relief amount represents full Forbearance Amounts.

## Chase RMBS Consumer Relief<sup>1</sup>

Quarter End: 06/30/2014<sup>2</sup>

1	Modification - Forgiveness/Forbearance	Number of Borrowers	Aggregate Amount of Relief	Average Amount of Relief	Median Amount of Relief	Standard Deviation	Average Monthly Payment Reduction	Average Monthly Payment Reduction Excluding Escrow (\$)
A	First Lien - Principal Forgiveness	2,583	234,183,641	90,663	69,640	78,023	539	39.97%
B	Principal Forgiveness of Forbearance							
C	First Lien - Forbearance (Payment Forgiveness) <sup>3</sup>	3,479	234,343,345	67,359	45,123	76,917	583	41.33%
D	Second Lien - Principal Forgiveness (including extinguishments)	797	37,670,339	47,265	32,734	45,392	190	47.46%
2	Rate Reduction/Refinancing	Number of Borrowers	Aggregate Amount of Relief	Average Amount of Relief	Median Amount of Relief	Standard Deviation	Average Monthly Payment Reduction	Average Monthly Payment Reduction Excluding Escrow (\$)
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# Appendix B

