

UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
NORTHERN DIVISION-BAY CITY

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US BANKRUPTCY COURT
E.D. OF MICHIGAN
BAY CITY

In re:

**DAVID S. BELZAK,
LYNDA J. BELZAK,**

Debtors.

Case No. 10-23963-dob

Chapter 13

Hon. Daniel S. Opperman

**ORDER APPROVING SETTLEMENT BETWEEN THE UNITED STATES TRUSTEE
PROGRAM AND JPMORGAN CHASE BANK. N.A.**

RECITALS

Whereas, on October 26, 2010, David S. Belzak and Lynda J. Belzak (the "Belzaks") filed a chapter 13 Bankruptcy Petition in the United States Bankruptcy Court for the Eastern District of Michigan, captioned *In re David S. Belzak and Lynda J. Belzak*, Case No. 10-23963 (the "Belzaks' Case").

Whereas, on January 19, 2011, JPMorgan Chase Bank, N.A. ("Chase") filed a Proof of Claim in the Belzaks' Case asserting a secured claim arising out of a Home Equity Line of Credit Agreement dated September 7, 1999, executed by the Belzaks (the "Loan"). (Claims Register for Case No. 10-23963, Claim 15).

Whereas, on July 30, 2013, pursuant to Bankruptcy Rule 3002.1, Chase filed a payment change notice ("PCN") for the Loan. (Dkt. No. 57).

Whereas, on August 7, 2013, the Belzaks objected to the PCN, and the Court sustained the objection by Order entered on September 4, 2013. (Dkt. Nos. 59 & 63).

Whereas, on November 8, 2013, the United States Trustee for Region 9 (the "United States Trustee") filed an *ex-parte* motion requesting, among other things, that the Court enter an order requiring Chase to appear for an examination under Bankruptcy Rule 2004 and to produce certain documents (the "2004 Motion"). (Dkt. No. 71).

Whereas, on November 8, 2013, the Court entered an Order granting the 2004 Motion. (Dkt. No. 72).

Whereas, on November 25, 2013, Chase filed a motion for protective order seeking to modify the discovery ordered by the Court. (Dkt. No. 82).

Whereas, thereafter Chase engaged the United States Trustee in discussions to resolve the discovery disputes, and on January 10, 2014, the Court entered an Order Staying all UST-Related Proceedings. (Dkt. No. 101).

Whereas, Chase engaged K&L Gates LLP to conduct a review of its policies and practices related to PCNs and escrow matters as described further below.

Whereas, Chase has since engaged the Executive Office for United States Trustees (the "EOUST") in discussions concerning its policies and practices relating to PCNs and the administration of escrow accounts for residential mortgage loans in chapter 13 bankruptcy cases as described below.

Whereas, as a result of their discussions, the Parties have reached an agreement as set forth in this Order Approving Settlement Between the United States Trustee Program and JPMorgan Chase Bank, N.A.

Whereas, in consideration of the foregoing, and of the mutual promises and compromises between them, the EOUST and the United States Trustees and Acting United States Trustees for Regions 1 through 21 (collectively "the United States Trustee Program" or "USTP"), and Chase (Chase and USTP are collectively referred to here as the "Parties") do hereby agree, stipulate and consent to the Court's entry of this Order Approving Settlement Between the United States Trustee Program and J.P. Morgan Chase Bank, N.A. (this "Order"), and the Court otherwise being fully advised of the premises. Accordingly,

IT IS ORDERED AS FOLLOWS:

ARTICLE I

JURISDICTION AND VENUE

This Court has subject matter jurisdiction over this matter pursuant to 28 U.S.C. § 1334(b). This is a core proceeding under 28 U.S.C. § 157(b)(2). Venue in the United States Bankruptcy Court for the Eastern District of Michigan is proper pursuant to 28 U.S.C. § 1409(a).

ARTICLE II

DEFINITIONS

Capitalized terms used in this Order but not defined in this Article are defined elsewhere in the Order.

“Bankruptcy Case” shall mean or refer to a case filed under chapter 13 of the United States Bankruptcy Code.

“CM/ECF” means the bankruptcy courts’ Case Management/Electronic Case Filing system.

“Covered Conduct” shall mean and include:

(1) With respect to PCNs:

(a) the accuracy of the payment change date or payment change amount in PCNs during the PCN Relevant Period;

(b) the review, preparation, signing and filing of PCNs or the lack of filing of PCNs during the PCN Relevant Period and the Moratorium;

(c) the adequacy of Chase’s policies and procedures concerning PCNs during the PCN Relevant Period and the Moratorium;

(d) the timeliness of PCNs filed during the PCN Relevant Period; and

(e) the timeliness of PCNs that should have been filed during the Moratorium and will be filed late due to the Moratorium and the time needed to prepare, execute and file PCNs delayed by the Moratorium; and

(2) With respect to the administration of escrow accounts for mortgage loans during the Escrow Relevant Period:

(a) the timeliness of post-petition annual escrow analyses during the Escrow Relevant Period or as a consequence of the Moratorium for borrowers in the Pre-Moratorium Delayed Escrow Population and Moratorium Delayed Escrow Population; and

(b) the Escrow Remediation Project and any incorrect application of payments resulting from the Escrow Overlay Issue for borrowers in the Escrow Remediation Population.

“Escrow Relevant Period” shall mean the time period between February 9, 2012 and November 19, 2013.

“Escrow Shortage” shall mean and include both escrow shortages and deficiencies as those terms are defined under the Real Estate Settlement Procedures Act of 1974.

“HELOC loan” shall mean a home equity line of credit mortgage loan, and includes those loans serviced on the VLS system (and any successor servicing system).

“Incorrectly Signed PCNs” are PCNs filed with bankruptcy courts during the PCN Relevant Period in which the signature of the person executing and filing the PCN on Chase’s

behalf is that of the individual whose CM/ECF credentials were used to file the PCN with the relevant bankruptcy court although that individual did not review and verify the contents of the PCN.

“Identified PCNs” are the 462 Substantively Inaccurate PCNs identified by Chase as having been filed with bankruptcy courts during the PCN Relevant Period.

“MSP” shall mean the mortgage servicing platform Chase used and uses to service its first lien mortgage loan portfolio during the time period relevant to the subject matter of this Order.

“Moratorium” shall mean the time period beginning November 19, 2013, when Chase generally stopped filing PCNs in Bankruptcy Cases and stopped running annual escrow analyses for loans in Bankruptcy and ending on a date on which Chase gives notice to the EOUST and the Court that it has resumed filing PCNs and running annual escrow analyses for loans in Bankruptcy in the ordinary course. Chase began filing MSP PCNs on July 24, 2014, steadily increased its PCN filing capacity and the MSP Moratorium ended on October 31, 2014. Chase will begin filing VLS PCNs prior to December 31, 2014, and the VLS Moratorium shall end no later than May 31, 2015, unless a later date is agreed to by the Parties in writing (“VLS Moratorium”).

“PCN Relevant Period” shall mean the time period between December 1, 2011 and November 19, 2013.

“Properly Filed PCN” shall mean a PCN: (i) timely filed with the bankruptcy court that provides the borrower with the correct payment change amount and the correct date that the new payment change will go into effect; (ii) that has been reviewed and verified by the person who signs the PCN, and (iii) that is otherwise in compliance with the requirements of the Bankruptcy Code and Federal Rules of Bankruptcy Procedure.

“Substantively Inaccurate PCNs” are PCNs filed with bankruptcy courts during the PCN Relevant Period that did not provide the borrower with (1) the correct payment change amount, or (2) the correct date that the new payment change would go into effect.

“Superseding PCN” shall mean a PCN that is filed as an affirmative obligation under the corrective action provisions of this Order that otherwise satisfies the requirements of a Properly Filed PCN except for the timeliness requirement under Bankruptcy Rule 3002.1.

“Untimely PCNs” are PCNs filed with bankruptcy courts (1) during the PCN Relevant Period, and (2) less than twenty-one (21) days before a payment in the new amount was due or after the effective date of the new payment amount.

“VLS” shall mean the mortgage servicing platform Chase used and uses to service its HELOC loan portfolio during the time period relevant to the subject matter of this Order.

ARTICLE III

THE REVIEW

Chase represents to the Court as follows:

1. Upon review of the PCN that was the subject of the objection in the *Belzak* case, Chase determined that the amount of the monthly payment in the PCN was erroneous and that the PCN had been filed using the CM/ECF credentials of a former Chase employee and contained the electronic signature of that former Chase employee.

2. On November 19, 2013, as a result of the issues found with the PCN in the *Belzak* case, Chase instituted a Moratorium on filing PCNs and commenced a review of the manner in which PCNs were prepared, reviewed, signed and filed, as described further below.

3. On or about December 5, 2013, as a result of the issues found with the PCN in the *Belzak* case, Chase retained K&L Gates, a law firm, to conduct a review of the Covered Conduct related to PCNs in order to determine how PCNs were prepared, reviewed, signed and filed and whether PCNs were accurate and timely; to assist with changes to Chase's PCN policies and procedures in order to accomplish the enhancements referenced in Article V, and to assist with establishing appropriate borrower corrective action and remediation. In late February 2014, the scope of the review was expanded to include the escrow matters described in the Covered Conduct (hereafter collectively the "Review").

4. K&L Gates was assisted in the Review by attorneys in Chase's Cross Consumer Investigations Legal team ("CCIL"). K&L Gates and CCIL determined the persons to be interviewed and the documents to be reviewed.

5. During the course of the Review, over 60 Chase employees, former employees, and third-parties involved in or with knowledge relating to the Covered Conduct were interviewed.

6. The Review also included the review of thousands of documents concerning the Covered Conduct, including but not limited to policies and procedures, internal quality assurance test results, training materials, results and validation of the review of PCNs for accuracy, timeliness and signatures, internal communications, communications with 4S Technologies ("4S"), documents concerning the Escrow Remediation Project (described below) and loan level account records, loan documents and escrow statements for a number of individual loans.

7. The Review conducted by K&L Gates and Chase is privileged. In addition, K&L Gates and CCIL reviewed privileged documents and other privileged communications as part of the Review. Privileged information is not disclosed in this Order. Chase has not waived and does not intend to waive the attorney-client privilege, the work product doctrine or any other applicable privilege.

8. K&L Gates has prepared and provided to the EOUST a report concerning the Review that contains its non-privileged findings and conclusions.

ARTICLE IV **FACTS AS THEY RELATE TO PCNS**

Without waiving any privilege, Chase represents that the following facts are accurate to the best of its knowledge and belief:

9. During the PCN Relevant Period (which began on December 1, 2011, when Bankruptcy Rule 3002.1 became effective), Chase, through its outside vendor 4S, filed approximately 53,000 PCNs with the bankruptcy courts.

Review and Accuracy of PCNs

10. During the PCN Relevant Period, Chase filed approximately 462 Substantively Inaccurate PCNs (which is less than 1% of PCNs filed by Chase during the PCN Relevant Time Period).

11. Chase believes the inaccuracies that occurred were caused primarily by human error in the manual entry of data and the lack of quality control (meaning a second review) before filing the PCNs with the bankruptcy courts.

12. During the PCN Relevant Period, Chase had policies and procedures in place that required Chase employees to, among other things, verify the contents of a PCN by reviewing the data in the PCN and comparing it to the account information contained in the system of record (either MSP or VLS). For loans on VLS in particular, the Chase reviewer often had to subtract out fees from the monthly amount due that Chase does not charge to customers in bankruptcy.

13. For both MSP loans and VLS loans, the PCN could not be sent to 4S for filing unless a Chase employee clicked an “approve” button after reviewing the PCN data.

14. A sample of MSP PCNs underwent a post-filing quality assurance check to verify the accuracy of the data in the PCNs.

Signature and Filing of PCNs

15. During the PCN Relevant Period, Chase filed Incorrectly Signed PCNs. These Incorrectly Signed PCNs were signed electronically. The electronic signature reflected the name of the individual whose CM/ECF credentials were used to file the PCN with the relevant bankruptcy court even if that individual was not the same individual who reviewed and verified the contents of the PCN. As described above, it is Chase's belief that its PCNs were substantively reviewed before they were filed even if an Incorrectly Signed PCN was not reviewed by the person who signed it.

16. Chase did not have enough PCN reviewers with CM/ECF credentials so that those reviewers' CM/ECF credentials could be used to file the PCNs that they reviewed. Rather, only some of the Chase employees who reviewed PCNs had CM/ECF credentials in some jurisdictions.

17. As of the time that Bankruptcy Rule 3002.1 became effective, a former Chase employee who was then the manager for the bankruptcy group was aware that PCNs were filed and would continue to be filed using the electronic signature of and under the CM/ECF credentials of persons who did not review the contents of the PCNs being filed under their electronic signature. The bankruptcy group manager's superiors in the mortgage default servicing group did not know that PCNs were being filed with the signatures of persons who did not review the contents of the PCNs.

18. In light of the rule change, in 2012, Chase took steps to obtain additional CM/ECF credentials for its reviewers. In the interim, it continued to file PCNs using the limited CM/ECF credentials it had. Where Chase lacked CM/ECF credentials in a bankruptcy jurisdiction, PCNs were filed with the signature of and using the CM/ECF credentials of 4S employees. The "I am the Creditor" box on the PCN was checked. Chase also changed its process, however, to identify the PCN reviewer on the PCN. In general, Incorrectly Signed PCNs either: (1) contained the Chase employee identification number of the Chase employee who verified the contents of the PCN at the bottom of the signature page, or (2) beginning in approximately August, 2012, for escrow changes on MSP loans, contained a disclosure on the signature page that read "Approved by:" followed by the name of the Chase employee who reviewed and verified the contents of the PCN.

19. Chase's efforts to secure additional CM/ECF credentials for its reviewers stalled in 2012 and were not effectuated. Instead, the process described in paragraph 18 for signing and filing PCNs continued until the PCN Moratorium.

20. The names of two former Chase bankruptcy employees and of four bankruptcy employees who transferred to another group within Chase appeared as the signatories on PCNs after those employees had left Chase or transferred to another group within Chase because Chase did not have a formal process for deactivating employees' CM/ECF credentials.

21. When an employee left Chase or the bankruptcy group, the employee's supervisor was supposed to remove the former employee's access to the 4S system. There was a written procedure for this, but it did not include the deactivation of an individual's CM/ECF credentials. A former Chase employee who was a supervisor in the bankruptcy group was aware of the continued use of at least one of the departed employee's CM/ECF credentials but did not deactivate the credentials.

22. Other factors that may have contributed to the continuation of the practices that led to Incorrectly Signed PCNs include: (i) MSP and VLS technology limitations; (ii) a lack of clarity in the PCN procedures; (iii) lack of pre-filing quality control; (iv) insufficient quality assurance processes; and (v) inadequate training.

- a. MSP and VLS Technology Limitations. Neither MSP nor VLS permitted a reviewer to see a complete PCN form before it was signed and filed. Because the reviewer either did not see a PCN form or only saw a portion of the form, Chase believes that the reviewers did not see that they were verifying the content of a sworn document that was to be signed.
- b. PCN Procedures. The step-by-step procedures for processing PCNs did not explain how PCNs were to be electronically signed and filed.
- c. Quality Control. During the PCN Relevant Period, although the data in the PCNs were reviewed substantively, Chase employees did not review the fully completed and signed PCNs prior to filing.
- d. Quality Assurance. During the PCN Relevant Period, Chase had quality assurance processes in place to check a sample of filed PCNs. The quality assurance sample review of filed MSP PCNs did not include a review of PCN signatures or whether the person whose electronic signature appeared on the PCN reviewed the document. There was no quality assurance review of VLS PCNs.
- e. Training. PCN reviewers received general training on sworn documents but the training could have been more targeted to PCNs and their electronic signing and filing.

23. In early 2013, a former Chase Bankruptcy employee filed a wrongful employment termination lawsuit against Chase. The former employee's complaint contained various allegations regarding her employment (which had ended in mid-2012), including that her electronic signature was used on legal documents without her full knowledge or consent.

Untimely PCNs

24. Fewer than 5% of the PCNs filed during the PCN Relevant Time Period were Untimely. Chase's bankruptcy employees who reviewed PCNs had difficulty handling the volume of PCNs in a timely manner, particularly HELOC loan PCNs, which took longer to process because of additional steps needed prior to filing. In addition, HELOC loans for which interest is calculated on a daily simple interest basis ("DSI Loans") change monthly payment amounts frequently, and this volume of PCNs (caused by the DSI feature) was difficult to process in a timely manner. 4S had a failsafe mechanism that could automatically reject the late filing of PCNs. However, that failsafe mechanism was turned off during the PCN Relevant Period.

Testing of PCNs Pursuant to the Review

25. As part of the Review, Chase conducted tests to determine the numbers of Substantively Inaccurate PCNs and Untimely PCNs and to determine the identities of the persons whose electronic signatures appeared on PCNs filed during the PCN Relevant Period as well as

those persons' affiliation with Chase at the time of each PCN filing. The tests were validated by two levels of review as described below.

26. Chase's bankruptcy group conducted the initial testing of the PCN population by:
 - a. identifying the population of PCNs filed during the PCN Relevant Period;
 - b. identifying the Untimely PCNs by comparing the PCN filing date with the PCN effective date;
 - c. identifying the Substantively Inaccurate PCNs by reviewing the filed PCN population for the PCN Relevant Period and comparing the data in the filed PCNs with the data appearing in Chase's systems of record (MSP for non-HELOC loans and VLS for HELOC loans); and
 - d. then individually reviewing the PCNs for loans on the VLS system where the two data sets differed to identify Substantively Inaccurate PCNs for VLS loans. For loans on the MSP system, the bankruptcy group determined that the data in some filed PCNs differed from data on MSP due to the Escrow Overlay Issue but that when correct historical escrow data (as reflected in the Escrow Remediation Statements) was reviewed, this subpopulation of MSP PCNs had accurate payment amount information. The bankruptcy group then reviewed the remainder of MSP PCNs where the data in the PCN differed from the data on MSP to identify Substantively Inaccurate PCNs. The bankruptcy group compared the names on the signature line of the PCNs with Chase employment records to determine whether the signatory was employed by Chase at the time of filing, and if so, whether the person was assigned to the bankruptcy group at the time of the filing.

27. Chase's Control Team then confirmed the validity of the bankruptcy group's methodology and test results. The Control Team is independent of the bankruptcy group but is part of the Mortgage Banking business. The Control Team's review included an independent statistically valid sample of filed PCNs. Based on the results of that sample, the Control Team concluded that the findings of the bankruptcy group's review for numbers of Substantively Inaccurate PCNs and Untimely PCNs were consistent with the rates of those same findings in Control Team's independent testing.

28. The Control Team confirmed instances identified by the bankruptcy group where PCN payment effective dates were misstated. The Control Team also confirmed instances identified by the bankruptcy group where the payment change amount was misstated on the PCN. Finally, the Control Team confirmed instances where the PCN file date was less than 21 days prior to the PCN effective date.

29. Operational Risk Oversight then validated the Control Team's review. Operational Risk Oversight is an arm of the Independent Risk Management Function and resides completely outside of Chase's Consumer and Community Banking Line of Business (of which

Mortgage Banking is a part). Operational Risk Oversight concluded that the Control Team's approach to testing and validation was adequate. In conducting its review, Operational Risk Oversight examined the Control Team's methodology in sampling and reviewing the bankruptcy group's testing. As part of its independent review, Operational Risk Oversight also confirmed that the Control Team followed its stated procedures for the PCN review.

30. The bankruptcy group's testing, as reviewed and validated by the Control Team, found the following numbers of Inaccurate PCNs, Untimely PCNs and the various subpopulations of Incorrectly Signed PCNs filed during the PCN Relevant Period described below:

- a. Approximately 53,000 PCNs were filed during the PCN Relevant Period.
- b. Approximately 4,380 of the Incorrectly Signed PCNs were filed with the signature and using the CM/ECF credentials of an individual who no longer worked for Chase at the time that the PCNs were filed.
- c. Approximately 2,285 of the Incorrectly Signed PCNs were filed with the signature of and using the CM/ECF credentials of a Chase employee who no longer worked in Chase's bankruptcy department at the time that the PCNs were filed.
- d. Approximately 26,225 of the Incorrectly Signed PCNs were filed with the signature of and using the CM/ECF credentials of an employee of 4S.
- e. Approximately 20,301 of the Incorrectly Signed PCNs were filed with the signature of and using the CM/ECF Credentials of a current Chase bankruptcy employee, but in most instances this employee was not the same employee who reviewed and verified the contents of the PCNs pursuant to the policies and procedures described in paragraph 12.
- f. Chase filed approximately 462 Substantively Inaccurate PCNs for approximately 325 HELOC loans and 106 non-HELOC loans (which is less than 1% of PCNs filed by Chase during the PCN Relevant Time Period).
- g. Chase filed approximately 2,554 Untimely PCNs for 1,892 HELOC loans and 606 non-HELOC loans (which is less than 5% of PCNs filed by Chase during the PCN Relevant Time Period).

31. There were instances during the PCN Relevant Period in which borrowers' payments changed under the terms of their mortgage documents and monthly account statements, ARM letters or escrow analysis statements were mailed to the borrowers, but PCNs were not filed with the bankruptcy court. Chase has not quantified the number of times that a PCN should have been but was not filed during the PCN Relevant Period.

ARTICLE V

PCN SYSTEM AND OPERATIONAL ENHANCEMENTS

32. Chase has implemented, or will implement, a number of operational enhancements to ensure that all PCNs filed in Bankruptcy Cases going forward are Properly Filed PCNs. Chase has or will:

- a. enhance policies and procedures for the preparation, signing and filing of PCNs so that they make clear that, at minimum: (i) a PCN is filed in bankruptcy court not less than 21 days before a payment in the new amount is due; (ii) the person who signs a PCN is the same person who verifies and reviews the PCN (the “PCN Signer”); (iii) the PCN is accurate and (iv) there is a process for escalating questions about a proposed PCN to management as necessary;
- b. revise policies and procedures so that there are two levels of substantive, pre-filing PCN review, including a Quality Control (“QC”) review;
- c. enhance its training for PCN Signers and QC reviewers of PCNs;
- d. train and certify current and additional Chase employees to become PCN Signers;
- e. obtain CM/ECF credentials for all PCN Signers so that each PCN Signer has credentials to file PCNs that she/he reviewed and signed provided that the Parties understand and agree that there are certain jurisdictions that grant credentials to Chase and not individual signers and there are jurisdictions that provide means other than CM/ECF for filing PCNs. In all jurisdictions the person who signs a PCN will be the person who verified and reviewed the PCN;
- f. discontinue using its current third-party vendor, 4S, to file PCNs in Bankruptcy Cases (although non-law firm third party vendors, including 4S, may still provide technological assistance (e.g., creating the blank template for PCNs) and provide a mailing service (e.g., certificates of service for PCNs)); and,
- g. implement additional post-filing quality assurance (“QA”) review processes for PCNs to ensure that systems and operational enhancements are functioning as intended.

33. Chase’s operational enhancements described in Paragraph 32 shall be implemented on or before September 30, 2014 for the MSP system (the “MSP Operational Implementation Date”), unless a later date is agreed to by the Parties in writing.

34. Chase's operational enhancements described in Paragraph 32 shall be implemented on or before December 31, 2014 for the VLS system (the "VLS Operational Implementation Date"), unless a later date is agreed to by the Parties in writing.

35. Chase is implementing a temporary reduction in the annual interest rate to 0.00% for certain DSI Loans on VLS. The temporary reduction will only be implemented for HELOCs as to which PCNs are required to be filed and that are DSI Loans that do not already have a fixed monthly payment amount. The reduction will be applied to: (I) all active Bankruptcy Cases for borrowers with DSI Loans when the next PCN is filed for such loan and (II) newly filed Bankruptcy Cases when the applicable proof of claim is filed. In each Bankruptcy Case, this reduced rate will remain in effect until the earlier to occur of the following: (a) the debtor's bankruptcy proceeding is dismissed, (b) the debtor successfully completes his or her Chapter 13 plan and is discharged by the Bankruptcy Court, (c) the debtor's discharge, if the debtor's bankruptcy proceeding is converted to a Chapter 7. Upon the occurrence of any of these events, the debtor's interest rate and related payment will revert back to the higher rate and the payment determined in accordance with the HELOC agreement. If during the term of the bankruptcy proceeding, the HELOC agreement requires the debtor to begin making principal payments, Chase will expect the debtor to make principal payments in accordance with the terms of the HELOC agreement. Chase has the option to terminate the voluntary interest rate reduction for Chapter 13 DSI Loans if Chase migrates any applicable DSI loans from VLS to MSP.

36. Chase is planning to implement additional technological enhancements to its MSP and VLS systems to further improve the PCN preparation and filing process. Once the system enhancements are completed, Chase will modify its PCN policies and procedures to conform to the new systems technology while maintaining the enhancements described in Paragraph 32. These additional technological enhancements shall be implemented on or before July 31, 2016, unless a later date is agreed to by the Parties in writing.

ARTICLE VI

PCN CORRECTIVE ACTION

37. Chase will undertake corrective action as described below to address the Substantively Inaccurate PCNs.

38. In those cases in which a Substantively Inaccurate PCN pertaining to a HELOC loan was filed during the PCN Relevant Period, regardless of whether the case is still pending, Chase will forgive the outstanding principal balance of the HELOC loan and any other due and unpaid amounts relating thereto in its entirety. HELOC loan borrowers shall receive 30 days' notice and a right to opt out of this offer. In the event, however, that a HELOC loan as to which a Substantively Inaccurate PCN was filed during the PCN Relevant Period has already been foreclosed upon or subject to a short sale as of the effective date of this Order, Chase will confirm that any deficiency has been waived or will waive any remaining deficiency and the borrower or former borrower shall not be entitled to any additional relief under this Order.

Chase is offering this relief because of the difficulty in implementing account-by-account retroactive changes for HELOC loans for this particular issue on the VLS system.

39. In the event that a HELOC borrower opts out of the forgiveness offer set forth in paragraph 38 or in the event that the HELOC loan has been closed or has a zero (\$0) principal balance as a result of payment in full of the loan balance by the borrower at the time of the offer, Chase will:

- a. take corrective action for borrowers who: (i) reached the post-petition payment effective date of a Substantively Inaccurate PCN that overstated the actual monthly payment amount due and (ii) paid more than the actual monthly amount due for one or more months while the Substantively Inaccurate PCN was effective, by paying to the borrower or the borrower's Bankruptcy trustee the amount of the relevant aggregate overpayment;
- b. take corrective action for borrowers who: (i) reached the post-petition payment effective date of a Substantively Inaccurate PCN that understated the actual monthly payment amount due and (ii) paid less than the actual monthly amount due for one or more months while the Substantively Inaccurate PCN was effective, by crediting the borrower's mortgage loan account with the aggregate difference between the amount paid by the borrower and the amount due for those months that the Substantively Inaccurate PCN was effective; or
- c. take corrective action for borrowers (i) as to whom Chase filed a Substantively Inaccurate PCN with an inaccurate effective date that sought to change the borrower's monthly amount, and (ii) who, as a result of the inaccurate effective date, paid an incorrect monthly amount for one or more months while the Substantively Inaccurate PCN was effective, by either crediting the borrower's mortgage loan account or refunding to the borrower or the borrower's Bankruptcy trustee, the aggregate difference between the previous monthly payment amount and the new monthly payment amount in the Substantively Inaccurate PCN for the time period between (i) the inaccurate effective date of the payment change set forth in the Substantively Inaccurate PCN and (ii) the correct effective date;
- d. file a notice of withdrawal, withdrawing Substantively Inaccurate PCNs that are still effective, overstate the monthly payment amount and have not been otherwise superseded by an accurate PCN. If a new PCN is required, Chase will file a Properly Filed PCN simultaneously with the withdrawal; and
- e. as to any cases with Substantively Inaccurate PCNs that are still effective, understate the monthly payment amount and have not been otherwise superseded by an accurate PCN, will file a Properly Filed PCN.

40. For those debtors whose mortgage loan is a DSI Loan without a fixed monthly payment amount and whose Bankruptcy case was pending as of October 31, 2013, Chase will

mail a check to the borrower in the amount of \$20.00 (payment on a per loan and not per borrower basis) by no later than July 31, 2015; unless Chase has already forgiven the DSI Loan as of May 31, 2015.

41. In those cases in which Substantively Inaccurate PCNs pertaining to non-HELOC loans were filed during the PCN Relevant Period, regardless of whether the case is still pending, Chase will:

- a. if the Substantively Inaccurate PCN misstated the monthly payment amount due, either credit the borrower's mortgage loan account or refund to the borrower or the borrower's Bankruptcy trustee, the aggregate difference between the correct contractually due amount (or in the case of a cram down the payment amount required by the confirmed bankruptcy plan) and the payment amount set forth in the Substantively Inaccurate PCN for those months that the Substantively Inaccurate PCN was effective; or
- b. if the Substantively Inaccurate PCN had an inaccurate effective date and sought to change the borrower's monthly amount then the credit or refund shall be in the amount of the aggregate difference between the previous monthly payment amount and the new monthly payment amount for the time period between (i) the inaccurate effective date of the payment change set forth in the Substantively Inaccurate PCN and (ii) the correct effective date; and
- c. file a notice of withdrawal, withdrawing Substantively Inaccurate PCNs that are still effective, overstate the monthly payment amount and have not been otherwise superseded by an accurate PCN. If a new PCN is required, Chase will file a Properly Filed PCN simultaneously with the withdrawal; and
- d. as to any cases with Substantively Inaccurate PCNs that are still effective, understate the monthly payment amount and have not been otherwise superseded by an accurate PCN, file a Properly Filed PCN;
- e. provided, however, that if the borrower had already filed an intention to surrender the property that served as collateral for the loan at the time that the Substantively Inaccurate PCN was filed and has in fact surrendered the property then Chase need not take any action.

42. In those cases in which a Substantively Inaccurate PCN or an Untimely PCN was filed or where no PCN was filed for a Non-HELOC payment change during the PCN Relevant Period, the Bankruptcy Case is still pending and the borrower or Bankruptcy trustee has disputed a payment increase or fees, charges, and costs imposed in connection therewith at the time of execution of this Order, and the overall result is thereafter successful, Chase will reimburse the borrower for his or her reasonable attorneys' fees. Provided however that in order to identify such instances, Chase shall only be required to review any internally maintained list of escalated bankruptcy matters and to request its outside bankruptcy counsel to bring any such cases to

Chase's attention. If a case that meets the criteria described in the first sentence of this paragraph is brought to Chase's attention by a borrower, trustee, the Independent Reviewer or the USTP, then Chase will also reimburse such borrower for his or her reasonable attorneys' fees.

43. Chase confirms that, as a matter of practice, it does not impose post-petition late fees on borrowers in the course of a Bankruptcy Case (the "Late Fee Policy").

44. Chase confirms that it has adhered, and will continue to adhere, to the Late Fee Policy in any Bankruptcy Case in which Chase filed a Substantively Inaccurate PCN or Untimely PCN, or did not file a PCN for a payment change during the PCN Relevant Period or Moratorium (hereafter an "Un-Noticed Payment Change"). Chase further confirms that it has a policy not to impose additional fees, penalties, or charges on a borrower in a Bankruptcy Case as a result of a Substantively Inaccurate PCN, Untimely PCN or because there was an Un-Noticed Payment Change (collectively with the Late Fee Policy, the "PCN Policies"). Chase confirms that it has adhered during the PCN Relevant Time Period, and will continue to adhere, to the PCN Policies in Bankruptcy Cases. If it is determined that Chase did not adhere to the PCN Policies in any Bankruptcy Case, Chase will take appropriate corrective action and remediation, including crediting the borrower's mortgage loan account with all amounts assessed or imposed against the borrower in contravention of the PCN Policies or refunding all amounts improperly collected in contravention of the PCN Policies.

45. In the event Chase previously resolved any objection to or adversary proceeding regarding a PCN filed during the PCN Relevant Period, and the dispute was related to the accuracy, timeliness or proper execution of the PCN, Chase shall have no further obligation under this Order to pay any borrower or Bankruptcy trustee on account of such PCN except as set forth in Paragraph 42.

46. Chase shall complete all affirmative obligations in paragraphs 38, 39, 41 and 42 on or before May 31, 2015, (the "PCN Corrective Action Date"), unless a later date is agreed to by the Parties in writing.

47. As of the effective date of this Order, Chase shall not seek relief from the automatic stay in any Bankruptcy Case in which a payment increase was not noticed via a filed PCN during the PCN Relevant Period until:

- a. Chase has undertaken a full account reconciliation of all payments received post-petition (whether from the borrower or the Bankruptcy trustee) to determine that all amounts claimed due and owing are properly collectible; and
- b. based upon the account reconciliation performed pursuant to subparagraph 47(a), in the event that the Un-Noticed Payment Change increased the payment amount due, Chase has credited the borrower's account for the aggregate difference between (i) the payment amount noticed in the last-filed PCN and (ii)

the increased un-noticed payment amount, and has therefore given the borrower the benefit of the lower payment amount where a payment change went unnoticed.

Chase will not rely upon any post-petition payment increase in obtaining stay relief unless it was disclosed in an accurate filed PCN or took place before Bankruptcy Rule 3002.1 went into effect.

48. As of the effective date of this Order, Chase shall not seek relief from the automatic stay in any Bankruptcy Case in which a payment decrease was not noticed via a filed PCN during the PCN Relevant Period until:

- a. Chase has undertaken a full account reconciliation of all payments received post-petition (whether from the borrower or the Bankruptcy trustee) to determine that all amounts claimed due and owing are properly collectible; and
- b. Chase has given the borrower the benefit of the un-noticed, post-petition payment decrease in obtaining stay relief.

49. As of the effective date of this Order, Chase shall not seek relief from the automatic stay in any Bankruptcy Case in which a payment increase was untimely noticed via a filed PCN during the PCN Relevant Period until:

- a. Chase has undertaken a full account reconciliation of all payments received post-petition (whether from the borrower or the Bankruptcy trustee) to determine that all amounts claimed due and owing are properly collectible; and
- b. Chase has credited the borrower's account for the aggregate difference between the previous monthly payment amount and the new monthly payment amount for the time period between (i) the effective date of the payment change set forth in the Untimely PCN and (ii) the first payment due date falling 21 days or more after the date that the Untimely PCN was filed and has therefore given the borrower the benefit of the lower payment amount where the payment change was late.

50. As of the effective date of this Order, upon receipt of a Notice of Final Cure in any Bankruptcy Case in which a payment increase was not noticed via a filed PCN during the PCN Relevant Period:

- a. Chase will undertake a full account reconciliation of all payments received post-petition (whether from the borrower or the Bankruptcy trustee) to determine that all amounts claimed due and owing are properly collectible, and Chase will not rely upon a post-petition payment increase in responding to a Notice of Final Cure unless it was disclosed in a filed PCN or took place before Bankruptcy Rule 3002.1 went into effect; and

b. based upon the account reconciliation performed pursuant to subparagraph 50(a), in the event that the Un-Noticed Payment Change increased the payment amount due, Chase will credit the borrower's account for the aggregate difference between (i) the payment amount noticed in the last-filed PCN and (ii) the increased un-noticed payment amount, and will therefore give the borrower the benefit of the lower payment amount where a payment increase went unnoticed; however, Chase is not obliged to credit the borrower's account where the borrower already has received a credit for an un-noticed payment increase pursuant to paragraph 47 above.

51. As of the effective date of this Order, upon receipt of a Notice of Final Cure in any Bankruptcy Case in which a payment decrease was not noticed via a filed PCN during the PCN Relevant Period:

a. Chase will undertake a full account reconciliation of all payments received post-petition (whether from the borrower or the Bankruptcy trustee) to determine that all amounts claimed due and owing are properly collectible, and Chase will give the borrower the benefit of an un-noticed, post-petition payment decrease in responding to a Notice of Final Cure; and

b. based upon the account reconciliation performed pursuant to subparagraph 51(a), in the event that the Un-Noticed Payment Change decreased the payment amount due, Chase will credit the borrower's account for the aggregate difference between (i) the payment amount noticed in the last-filed PCN and (ii) the un-noticed payment decrease.

52. As of the effective date of this Order, upon receipt of a Notice of Final Cure in any Bankruptcy Case in which a payment increase was untimely noticed via a filed PCN during the PCN Relevant Period:

a. Chase will undertake a full account reconciliation of all payments received post-petition (whether from the borrower or the Bankruptcy trustee) to determine that all amounts claimed due and owing are properly collectible, and Chase will not rely upon any untimely noticed post-petition payment increase in obtaining stay relief for the time period between (i) the effective date of the payment change set forth in the Untimely PCN and (ii) the first payment due date falling 21 days or more after the filing of the Untimely PCN; and

b. Chase has credited the borrower's account for the aggregate difference between the previous monthly payment amount and the new monthly payment amount for the time period between (i) the effective date of the payment change set forth in the Untimely PCN and (ii) the first payment due date falling 21 days or more after the date that the Untimely PCN was filed and has therefore given the borrower the benefit of the lower payment amount where the payment change was late

53. As of the effective date of this Order, in those cases in which (a) a Substantively Inaccurate PCN was filed, (b) the Substantively Inaccurate PCN overstated the payment amount, and (c) Chase seeks to file a motion for relief from stay or to respond to a Notice of Final Cure, Chase will rely on its system of record and will not rely on an incorrect payment amount set forth in the Substantively Inaccurate PCN as it performs its post-petition payment account reconciliation.

ARTICLE VII

PCN MORATORIUM CORRECTIVE ACTION

54. In those Bankruptcy Cases that are still pending in which PCNs were not filed during the Moratorium for payment changes attributable to increases or decreases in principal and interest amounts due per the terms of an adjustable rate mortgage loan, Chase will either credit to the borrower's account or refund the aggregate difference between the prior payment amount and the new payment amount for the time period during which no PCN was filed.

55. For loans in the Moratorium Delayed Escrow Population as to which the Bankruptcy Case was still pending as of May 1, 2014, following the MSP Operational Implementation Date, Chase will prepare an annual escrow analysis and:

- a. for payment changes attributable to a Shortage in the new escrow analysis credit the borrower's escrow account with the amount of the Shortage that accrued after the first twelve months from the last escrow analysis;
- b. If the new escrow analysis results in an escrow surplus of \$50 or greater, and if the borrower is contractually current, Chase will refund the entire surplus.

56. Chase confirms that it has adhered to and will continue to adhere to the PCN Policies with respect to loans impacted by the Moratorium. If it is determined that Chase did not adhere to the PCN Policies in any Bankruptcy Case, Chase will take appropriate corrective action and remediation, including crediting the borrower's mortgage loan account with all amounts assessed or imposed against the borrower in contravention of the PCN Policies or refunding all amounts improperly collected in contravention of the PCN Policies.

57. As to any loan receiving a refund or a credit pursuant to paragraph 54 or 55, Chase will send a written notice to the borrower (and if the Bankruptcy Case is still active, the borrower's Bankruptcy trustee) informing them of any refund or credit being applied to the borrower's account as a result of the Moratorium, and will file a Superseding PCN on or before the PCN Moratorium Corrective Action Date if required in accordance with the Bankruptcy Rules.

58. Chase shall complete all affirmative obligations under this Article on or before November 30, 2015 (the “PCN Moratorium Corrective Action Date”), unless a later date is agreed to by the Parties in writing.

ARTICLE VIII

FACTS AS THEY RELATE TO ESCROW

Without waiving any privilege, Chase represents that the following facts are accurate to the best of its knowledge and belief:

Delayed Annual Escrow Analyses

59. During the Escrow Relevant Period, Chase did not always prepare annual escrow analyses for loans of borrowers in Bankruptcy Cases. Prior to the Spring of 2012, Chase had a practice of not running annual escrow analyses for loans that were more than 12 months contractually delinquent. This practice applied to loans that were in Bankruptcy, but it appears that sometimes annual escrow analyses were run nonetheless. If an annual escrow analysis was run, a statement of that analysis would be sent to the borrower. Chase’s procedures during the PCN Relevant Period also called for the annual escrow analysis statement to be attached to a PCN and filed in the Bankruptcy Case and served. As mentioned in paragraph 31, sometimes PCNs were not filed so it is possible that not every escrow analysis statement was filed with a PCN.

60. Chase has identified approximately 2,225 loans in Bankruptcy Cases as of November 19, 2013, that as of November 19, 2013, had not had an escrow analysis run in more than 12 months (the “Pre-Moratorium Delayed Escrow Population”).

61. In addition, Chase has not been running annual escrow analyses for loans in Bankruptcy during the Moratorium. As of September 10, 2014, there were approximately 16,058 loans that were due for but had not had an annual escrow analysis performed because of the Moratorium (the “Moratorium Delayed Escrow Population”).

62. Even if Chase did not run an annual escrow analysis, Chase made the disbursements (such as tax and insurance payments) for which the escrow account was established.

Escrow Overlay Issue

63. In or around 2009, Chase became aware of a technical issue with the MSP system as it relates to storing escrow analyses for delinquent loans (the “Escrow Overlay Issue”). Specifically, MSP could only store 2 escrow analyses at a time: the currently effective escrow analysis; and the “pending” escrow analysis that would next go into effect. If a third escrow analysis was run, and the pending escrow analysis had not yet become effective, the newly generated third escrow analysis would overwrite or ‘overlay’ the pending escrow analysis.

64. Chase sought the assistance of Black Knight Financial Services, Inc. formerly known as LPS in connection with its MSP system, to modify MSP to eliminate the Escrow Overlay Issue. However, it became apparent that it would take some time for LPS to implement changes to MSP to eliminate the issue. In addition, Chase came to recognize that the Escrow Overlay Issue was having an effect on some borrower's escrow accounts. On January 27, 2012, Chase stopped running annual escrow analyses for loans in Bankruptcy to address the Escrow Overlay Issue.

65. Chase identified approximately 8,165 borrowers in Bankruptcy Cases, whose loans had been impacted by the Escrow Overlay Issue (the "Escrow Remediation Population").

66. Chase used a third-party vendor, 4S, to restate the escrow history for the Escrow Remediation Population and send those borrowers corrected escrow analyses ("Escrow Remediation Statements"). The Escrow Remediation Statements were attached to PCNs and filed and served on the borrower and the Bankruptcy trustee.

67. If an Escrow Remediation Statement showed that the borrower had a shortage over a certain threshold then Chase automatically provided the borrower with more than 12 months to repay the shortage without interest or any other penalty.

68. The identification of the Escrow Remediation Population, the creation and provision of the Escrow Remediation Statements to borrowers and the extensions described in paragraphs 65-67 are referred to collectively herein as the "Escrow Remediation Project."

69. Chase did not make corresponding historical adjustments to the borrowers' accounts in MSP to reflect the figures contained in the Escrow Remediation Statements. As a result, if a borrower made a payment for an overlay impacted month, MSP did not always apply that payment in a way that matched the way in which the Escrow Remediation Statement stated that the funds were applied. In these instances, the account history of the application of payments on a borrower's account in MSP could be inconsistent with the Escrow Remediation Statement.

70. The inconsistency between MSP and the Escrow Remediation Statements could, but did not always, lead to incorrect payment applications in MSP.

71. The pending payment in the Escrow Remediation Statement was entered into the borrower's escrow account information stored on and utilized by MSP. The new payment set forth in the Escrow Remediation Statement was also entered into the borrower's account information stored on and utilized by MSP. Because these payment amounts were entered into the borrower's account information on MSP, MSP applied payments correctly on a going-forward basis.

72. Technological upgrades were made to MSP to allow the system to hold more than 2 escrow analyses at a time and eliminate the Escrow Overlay Issue permanently on a going forward basis. These technological upgrades became effective in November, 2013.

73. Attached to this Order as Exhibit B is a chart that summarizes the populations of borrowers impacted by the PCN facts described in Article IV, the populations of borrowers impacted by the escrow facts set forth in this Article and, where known, the value of the remediation being offered by Chase to those borrowers due to the issues identified in Article IV and this Article.

ARTICLE IX

ESCROW OPERATIONAL ENHANCEMENTS

74. Chase has implemented or will implement a number of operational enhancements to address the escrow-related issues identified in Article VIII (the “Escrow Operational Enhancements”). Chase has or will:

- a. adhere to its escrow policies and procedures, which now call for escrow analyses to be run annually for loans in Bankruptcy regardless of delinquency status;
- b. run monthly control reports to identify any loans in Bankruptcy that have not had an escrow analysis run annually, and run escrows for such loans unless an exception applies;
- c. remove impediments, as appropriate, to the running of escrow analyses on loans in Bankruptcy; and
- d. continue to review and enhance quality assurance and testing processes to detect errors relating to application of payments in (a) discharge audits and (b) pay histories prepared in connection with motions for relief from stay.

75. The Escrow Operational Enhancements shall be implemented on or before December 1, 2014, unless a later date is agreed to by the Parties in writing.

ARTICLE X

ESCROW CORRECTIVE ACTION AND BORROWER REMEDIATION

76. Chase will undertake corrective action as described below to address: (i) the delay in running annual escrow analyses for the Pre-Moratorium Delayed Escrow Population, and (ii) payment application issues for the Escrow Remediation Population.

77. Chase will run escrow analyses for the Pre-Moratorium Delayed Escrow Population following the MSP Operational Implementation Date, and:

- a. if the new escrow analysis for a loan in the Pre-Moratorium Delayed Escrow Population results in an escrow Shortage, Chase will credit the borrower's escrow account with the amount of the Shortage that accrued after the first twelve months from the last escrow analysis;
- b. if the new escrow analysis results in an escrow surplus of \$50 or greater, and if the borrower is contractually current, Chase will refund the entire surplus;
- c. Chase will send a written notice to all borrowers (and if the Bankruptcy Case is still active, the borrowers' Bankruptcy trustee) in the Pre-Moratorium Delayed Escrow Population who receive a credit as a result of this provision informing them of the credit to their escrow account and the reason for the credit; and
- d. in all Bankruptcy Cases where the escrow analysis results in a payment change Chase will file a Properly Filed PCN if required in accordance with the Bankruptcy Rules.

78. Chase will pay the borrower(s) for each loan in the Escrow Remediation Population the sum of \$600.00. The \$600.00 payment will be made on a per loan basis regardless of the number of borrowers for each loan.

79. Chase shall complete the affirmative obligations in Paragraph 77 on or before November 30, 2015 (the "Delayed Escrow Corrective Action Date"). Chase shall mail the payments provided for in paragraph 78 to the last known notice address for each loan no later than May 31, 2015.

ARTICLE XI

CHARITABLE CONTRIBUTION

80. Within 14 days after the effective date of this Order, Chase will make a contribution of \$7,500,000.00 to the American Bankruptcy Institute's endowment for financial education and support for the Credit Abuse Resistance Education Program. The Parties understand and agree that neither has any involvement in or oversight over the American Bankruptcy Institute or the Credit Abuse Resistance Education Program, and neither will monitor the use of the contribution by the recipient.

ARTICLE XII

INDEPENDENT REVIEWER

Retention, Disinterestedness, and Access

81. The Parties have selected Amy Walsh as independent reviewer (the “Independent Reviewer”) with respect to this Order, subject to the provisions of this Article and a Retention Agreement to be negotiated between the Independent Reviewer and Chase as defined and described below. Chase will pay reasonable fees and costs arising out of the retention of the Independent Reviewer, including compensation and reimbursement of expenses to the Independent Reviewer and his or her professionals. The process for selecting the Independent Reviewer required that Chase submit candidates to the USTP for selection.

82. The Independent Reviewer will be entitled to retain professionals with the qualifications, expertise, and skills appropriate for the tasks required under this Article.

83. Any professionals retained by the Independent Reviewer shall not have been, within the two (2) years before the date of this Order, an equity security holder, director, officer, employee, or agent of the Released Parties.

84. The Independent Reviewer and his professionals will disclose to this Court any connections they have to the Released Parties, their subsidiaries, directors, or officers in the manner provided under section 327(a) of the Bankruptcy Code and Bankruptcy Rule 2014.

85. The Independent Reviewer must agree not to be retained by the Released Parties, for a period of two (2) years after the conclusion of the terms of this engagement unless a shorter time period is agreed to by the Parties.

86. Any professionals retained by the Independent Reviewer who work on the engagement must agree not to work on behalf of, or render services to, the Released Parties for a period of one (1) year after the conclusion of the term of this engagement, unless the Parties consent to such retention, which consent shall not be unreasonably withheld.

87. Any professional firm (including any law partnership or corporation or accounting partnership or corporation) retained by the Independent Reviewer must agree not to work on behalf of, or render services to, the Released Parties’ related to the Released Parties’ servicing of residential mortgages for a period of one (1) year after the conclusion of the terms of this engagement, unless a shorter time period is agreed to by the Parties.

88. The Retention Agreement entered into between the Independent Reviewer and Chase shall include a term protecting the confidentiality of information shared by Chase with the Reviewer. Nothing in this provision shall prevent the Reviewer from providing USTP, orally or through written communication, with information concerning Chase’s implementation and compliance with the terms of this Order.

Duties and Methodology of the Independent Reviewer

89. The manner in which the Independent Reviewer will carry out his or her responsibilities under this Order will be set forth in a retention agreement (the “Retention Agreement”) agreed upon between the Independent Reviewer and Chase. The Retention

Agreement will be negotiated in good faith by the Independent Reviewer and Chase and shall include the rights and duties set forth in this Article XII. The Independent Reviewer and Chase shall reach agreement on the Retention Agreement within 90 days of the entry of this Order, which time can be extended by written agreement of the Independent Reviewer and Chase. Chase will provide to the EOUST a copy of the Retention Agreement once executed by the Independent Reviewer and Chase.

90. The Independent Reviewer shall report on Chase's ongoing compliance with the terms of this Order on a semi-annual basis (the "Semi-Annual Reports") so long as this Order remains effective as set forth in paragraph 114. Prior to issuing any Semi-Annual Report, the Independent Reviewer shall provide a copy of the draft report to and consult with the Parties regarding his preliminary findings. Chase may submit comments to the Independent Reviewer, which shall either be appended to or otherwise incorporated into the final version of such report as appropriate in the Independent Reviewer's discretion, exercised reasonably. Within a reasonable time after the consultation, the Independent Reviewer shall finalize the Semi-Annual Report and provide copies to the EOUST and Chase. The Independent Reviewer shall file the Semi-Annual Report with this Court after having provided the EOUST and Chase with a copy.

91. The Retention Agreement shall:

- a. Provide that the Independent Reviewer and any professional retained to assist the Independent Reviewer shall pass a background check and be subject to Chase's Third Party Oversight Process and all other Chase processes and security safeguards in place for Chase employees or other third parties with access to Chase customer information;
- b. Subject to appropriate confidentiality restrictions and without waiving Chase's right to invoke the attorney-client privilege, the work product doctrine and other privileges, provide the Independent Reviewer with reasonable access to screen shots of Chase's systems of record, account records and any other documents and records relevant to the scope of the assessment and reasonably necessary for the Independent Reviewer to fulfill his duties. Professionals retained by the Independent Reviewer shall be subject to the same confidentiality restrictions;
- c. Provide that Chase will appoint a single point of contact to facilitate timely responses to all information requests;
- d. Provide the scope of the Independent Reviewer's mandate as set forth in paragraph 92;
- e. Specify the sampling methodology to be used in connection with the assessments set forth in paragraph 92 and provide for a reasonable margin or threshold of error in any review of a sample of filings; and

f. Subject to appropriate confidentiality restrictions and without waiving Chase's right to invoke the attorney-client privilege, the work product doctrine and other privileges, provide the Independent Reviewer with reasonable access to documents and records relevant to operational enhancements implemented by Chase under this Order and reasonably necessary for the Independent Reviewer to discuss those operational enhancements and their impact on Chase's ability to file Properly Filed PCNs in the final Report under paragraph 95.

The Independent Review

92. The Independent Reviewer's mandate shall be to assess only the following (the "Independent Review"):

- a. Whether Chase employees substantively reviewed and verified the data contained in the Incorrectly Signed PCNs before the PCNs were filed through a review methodology that is agreed upon by the Independent Reviewer and Chase;
- b. Whether the numbers of PCNs set forth in sub-paragraphs 30(a) through (g) are substantially accurate by conducting a review of such PCNs utilizing a sampling methodology (including, for the avoidance of doubt, reviewing that Chase's determination of the number of Substantively Inaccurate PCNs and Untimely PCNs was substantially accurate);
- c. Whether the number of loans set forth in paragraph 60 is substantially accurate by conducting a review of such loan accounts utilizing a sampling methodology;
- d. Whether Chase has fulfilled all affirmative obligations set forth in paragraphs 38-42, and whether Chase has timely completed such obligations;
- e. Whether Chase is fulfilling its obligations set forth in paragraphs 44 and 56 through a review methodology that is agreed upon by the Reviewer and Chase;
- f. Whether Chase has fulfilled all affirmative obligations set forth in paragraphs 54, 55 and 57 through a review methodology that is agreed upon by the Reviewer and Chase, and whether Chase has timely completed such obligations;
- g. Whether Chase is fulfilling its obligations set forth in paragraphs 47-53 through a review methodology that is agreed upon by the Reviewer and Chase;
- h. Whether Chase has fulfilled all affirmative obligations set forth in Article X through a review methodology that is agreed upon by the Reviewer and Chase;

i. Whether MSP PCNs filed in Bankruptcy Cases subsequent to the MSP Moratorium have been verified and reviewed by a PCN Signer, are accurate and complete, and otherwise comply with the requirements of the Federal Rules of Bankruptcy Procedure by conducting a review of a sample of such PCNs;

j. Whether VLS PCNs filed in Bankruptcy Cases subsequent to the VLS Moratorium have been verified and reviewed by a PCN Signer, are accurate and complete, and otherwise comply with the requirements of the Federal Rules of Bankruptcy Procedure by conducting a review of a sample of such PCNs; and

k. Whether Chase's post-petition annual escrow analyses attached to PCNs filed subsequent to the Moratorium no longer overlay any prior escrow analysis by conducting a review of a sample of such post-petition annual escrow analyses attached to PCNs. For those post-petition annual escrow analyses attached to PCNs that were not part of the Pre-Moratorium Delayed Escrow Population or the Moratorium Delayed Escrow Population, the sampling will also review whether the annual escrow analysis is timely and otherwise complies with the requirements of the Federal Rules of Bankruptcy Procedure.

93. With respect to the determinations in each of the sub-paragraphs 92(a)-(k), if the Independent Reviewer's assessment concludes that Chase has met the standard or fulfilled the condition required by the sub-paragraph, then the Independent Reviewer will include this determination as a final assessment in his next scheduled Semi-Annual Report under paragraph 90; appointment of the Independent Reviewer with respect to that assessment shall terminate and the Independent Reviewer shall have no further duties with respect to such assessment and shall take no further action with respect to the subject matter of that assessment.

94. With respect to the determinations in each of the sub-paragraphs 92(a)-(k), in the event the Independent Reviewer's assessment concludes that Chase has not yet met the standard or fulfilled the condition required by the assessment:

a. The Independent Reviewer shall deliver to the Parties a report of his assessment in accordance with the time limits set forth in paragraph 97. Chase shall have 30 days (which deadline may be extended by agreement in writing by the Independent Reviewer and Chase) to provide additional information to the Independent Reviewer or to object to the Independent Reviewer's assessment. The Independent Reviewer shall consider such information or objections in good faith. No later than 60 days (which deadline may be extended by agreement in writing by the Independent Reviewer and Chase) following the delivery of the assessment, the Independent Reviewer shall file his assessment with the Court; and

b. Chase shall submit to the Independent Reviewer for his approval a corrective action plan and the appointment of the Independent Reviewer with respect to that particular subparagraph assessment shall continue. Once approved, Chase shall implement the corrective action plan within the time set forth therein

and, provided the Independent Reviewer determines that Chase has fully and successfully implemented such corrective action plan, the Independent Reviewer shall file a final assessment that states that Chase has met the standard or satisfied the condition of the subparagraph at issue; appointment of the Independent Reviewer with respect to that assessment shall terminate and the Independent Reviewer shall have no further duties with respect to such assessment and shall take no further action with respect to the subject matter of that assessment. In addition to implementing the corrective action plan, Chase will provide any borrower harmed monetarily by the failure to fulfill the subparagraph at issue with the remediation to which they are entitled under Articles VI, VII and X of this Order.

95. The Independent Review shall conclude when the Independent Reviewer has completed and filed a final assessment under either paragraph 93 or 94 for each of the subparagraphs 92(a)-(k). After the conclusion of the Independent Review, the Independent Reviewer shall file a final Report setting forth the results of the Independent Review and disclosing his or her findings and conclusions. The final Report shall include a discussion of the operational enhancements implemented by Chase and their impact on Chase's ability to file Properly Filed PCNs. The final Report shall be filed within 120 days of the conclusion of the Independent Review under this paragraph. Except as otherwise provided in paragraph 114, the Order shall remain in effect until the final Report is filed.

96. Either the Independent Reviewer or Chase may seek relief from the Court in the event that a dispute develops concerning the Independent Review that cannot be resolved through good faith negotiations between the Independent Reviewer and Chase.

Time Limits for Assessments

97. If delivery of a report of an assessment is required under paragraph 94, then the deadline for delivering the report shall be as follows:

- a. With respect to sub-paragraphs 92(a)-(c), the Independent Reviewer shall have 180 days from the execution of the Retention Agreement;
- b. With respect to sub-paragraph 92(d), the Independent Reviewer shall have the later of 180 days from May 31, 2015 or 180 days from the execution of the Retention Agreement;
- c. With respect to sub-paragraph 92(e), the Independent Reviewer shall have the later of 180 days from June 30, 2015 or 180 days from the execution of the Retention Agreement;
- d. With respect to sub-paragraph 92(f), the Independent Reviewer shall have the later of 180 days from November 30, 2015 or 210 days from the execution of the Retention Agreement;

e. With respect to sub-paragraph 92(g), the Independent Reviewer shall have the later of 180 days from September 30, 2015 or 210 days from the execution of the Retention Agreement;

f. With respect to sub-paragraph 92(h), the Independent Reviewer shall have the later of 180 days from November 30, 2015 or 210 days from the execution of the Retention Agreement;

g. With respect to sub-paragraphs 92(i-k), the Independent Reviewer shall have the later of 180 days from June 30, 2015 or 210 days from the execution of the Retention Agreement .

98. Each of the time limits set forth in paragraph 97 can be extended if agreed to in writing by the Independent Reviewer and the Parties.

ARTICLE XIII

RELEASE

99. Upon becoming effective as set forth in paragraph 114:

a. The USTP consents and agrees to take such steps as may be reasonably necessary to fully and finally withdraw or facilitate the dismissal with prejudice of pending objections and all related discovery requests, whether formal or informal, and requests for examination under Bankruptcy Rule 2004 (collectively, “the Discovery Requests”) and subpoenas or subpoenas *duces tecum* (collectively, “the Subpoenas”) directed to or filed against: Chase and the following affiliates: Chase Home Finance, LLC, Chase Bank USA, N.A., Chase Manhattan Mortgage Corp., Chase Mortgage Services, Inc., EMC Mortgage Corporation, EMC Mortgage Company LLC, JPMC Specialty Mortgage LLC, Washington Mutual Bank, FA, and Washington Mutual Home Loans, Inc., their current or former directors, officers and employees and any of their respective corporate successors or assigns whether acting on their own behalf or as servicer or agent for a third party (the “Released Parties”) and based on the Covered Conduct in the individual Bankruptcy Cases set forth on Exhibit A (the “Covered Cases”);

b. The Released Parties consent and agree to take such steps as may be reasonably necessary to fully and finally withdraw or facilitate the dismissal with prejudice of pending contested matters, adversary proceedings, and other actions filed by the Released Parties, including all Discovery Requests and Subpoenas, directed to or filed against any United States Trustee based on the Covered Conduct in the Covered Cases;

c. Except as otherwise provided herein, the USTP consents and agrees to fully and finally release any claims, and will refrain from instituting, directing or maintaining any contested matter, adversary proceeding or participating in any contested matter or adversary proceeding by a third party (except that the United States Trustees may participate in an action to the extent ordered by a court provided that the United States Trustees may not seek such a court order formally or informally), against the Released Parties, individually and collectively, pertaining to the Covered Conduct and arising out of or relating to: (1) Substantively Inaccurate, Untimely, and Incorrectly Signed PCNs or Un-Noticed Payment Changes during the PCN Relevant Time Period and the Moratorium in Bankruptcy Cases; (2) delayed annual escrow analyses for borrowers in the Pre-Moratorium Delayed Escrow Population and the Moratorium Delayed Escrow Population; and (3) the Escrow Overlay Issue for borrowers in the Escrow Remediation Population.

d. The Released Parties consent and agree to fully and finally release the USTP and its current and former employees from claims under the Equal Access to Justice Act, 28 U.S.C. § 2412 based on the USTP's investigation and prosecution of claims pertaining to the Covered Conduct, including in the Covered Cases; and

e. Notwithstanding the foregoing, nothing in this Paragraph shall be construed as a waiver of, or a restriction or prohibition on the USTP's ability:

i. In individual Bankruptcy Cases (other than in Covered Cases where an order has been entered, or other final resolution adjudicating PCN issues arising out of or relating to the Covered Conduct has been reached) to seek corrective action and remediation (but not sanctions, fines or punitive damages) arising out of or related to the Covered Conduct where the Released Parties fail to take corrective action or remediation required by this Order within the time frames established under this Order;

ii. In individual Bankruptcy Cases to undertake any formal or informal action with respect to any: (1) PCN or escrow related filing subsequent to the Moratorium, other than to the extent that a PCN or escrow related filing is untimely because it is part of the corrective action required by the terms of this Order and the filing is otherwise within the time frames established under this Order; and (2) Substantively Inaccurate PCNs that are not Identified PCNs;

iii. In individual Bankruptcy Cases to undertake any formal or informal action with respect to any filing by the Released Parties in a Bankruptcy Case not based on the Covered Conduct; and

- iv. To seek and obtain discovery in any Bankruptcy Case or proceeding, including discovery based on or pertaining to the Covered Conduct, as long as such discovery is not sought for the purpose of enforcing claims or causes of action released herein;
- v. To assert defenses or claims against any other party, and the USTP shall have no obligation to seek dismissal of any pending adversary proceedings, contested matters, appeals, and other actions filed by the USTP against any other party in the Covered Cases, and;
- vi. To cooperate with or provide assistance to other governmental agencies in connection with the Covered Conduct, or sharing information or discovery arising out of or pertaining to the Covered Conduct with other governmental agencies.

100. Chase represents to the Court as follows:

- a. Before the filing of the Joint Stipulation seeking entry of the Order, lawyers for Chase involved in negotiating the terms of the Order became aware of an issue with certain post-petition monthly account statements sent to certain customers in Bankruptcy with home equity loans serviced on VLS. Chase notified the EOUST of this issue on December 23, 2014.
- b. Chase believes the issue is the result of a VLS coding error that has since been corrected. Chase is still reviewing the nature of the issue but has determined that in July 2010, the computer code for setting up new Bankruptcy filings on VLS was modified, and the new VLS code contained an error that resulted in pre-petition fees sometimes being included in the “post-petition payment amount” figure appearing on the bankruptcy information page of VLS monthly statements.
- c. Chase believes that only loans that had pre-petition fees or deferred interest are potentially affected by the issue. Even for accounts with such charges, the error does not occur in every statement.
- d. Chase is still reviewing the nature of the issue and working to understand which account statements were impacted and whether any customers paid more than they should have as a result. The VLS code was updated and changed in April 2013 and the monthly statement issue does not affect customers filing for Bankruptcy from that time forward. Chase intends to provide remediation to customers who paid more than they should have as a result of this issue.
- e. Chase will notify appropriate federal regulatory authorities of the issue and acknowledges that this Order does not restrict in any way the ability of the USTP to conduct further investigation, take enforcement action, or seek additional remedies related to this issue.

101. The scope of the matters being resolved via this Order is limited to the Covered Conduct. This Order does not settle, resolve, or prejudice any other rights or claims against the Released Parties, including claims arising under the National Mortgage Settlement and the matter described in paragraph 100 above, pertaining to matters other than Covered Conduct. Notwithstanding any other provision of this Order, claims with respect to any criminal liability are especially reserved and are not released.

ARTICLE XIV

MISCELLANEOUS PROVISIONS

102. The Court shall retain exclusive jurisdiction over all matters subject to this Order, including disputes arising under the Order, construction, interpretation, modification and enforcement of the Order, and shall retain exclusive jurisdiction to hear and adjudicate any motions related to the Order.

103. This Order (and its contents) is not and shall not be used as an admission of liability, violation, or wrongdoing by Chase to any person or entity or on any legal or equitable theory. This Order is made without trial or adjudication of any issue of fact or law and does not contain any injunctive measures against Chase or any of its affiliates referenced in paragraph 104. Nothing in the preceding sentence reduces Chase's obligations under this Order or affects USTP's authority to enforce any rights hereunder.

104. This Order will not bind or prejudice the rights and claims of non-Parties. This Order binds Chase and its affiliates Chase Home Finance, LLC, Chase Bank USA, N.A., Chase Manhattan Mortgage Corp., Chase Mortgage Services, Inc., EMC Mortgage Corporation, EMC Mortgage Company LLC, JPMC Specialty Mortgage LLC, Washington Mutual Bank, FA, and Washington Mutual Home Loans, Inc., and their respective corporate successors and assigns. This paragraph shall not be construed to limit or modify paragraph 107 of this Order.

105. This Order does not alter the Parties' rights, releases and obligations under the National Mortgage Settlement or any other settlements, agreements or orders to which Chase is a party. Chase is not receiving credit (including any "soft credits") under any other such settlement or order for the financial relief being provided in this Order.

106. This Order does not prohibit Chase from making other or additional changes to the bankruptcy policies and procedures addressed in this Order, provided that such policies and procedures continue to comply with the Bankruptcy Code and Rules and are not otherwise inconsistent with the terms of this Order. If this Order provides that a notice will be sent to a borrower and such a notice has not already been mailed as of the effective date of the Order then the USTP shall have the right to review the notice and approve the portion of the notice that references the reason for the notice but this approval shall not be unreasonably withheld.

107. In the event of a sale of the mortgage servicing rights for a loan subject to or covered by this Order, Chase shall either (a) fulfill its obligations under Articles VI, VII, and X

prior to transferring servicing of such loan, or (b) require that the transferee servicer provide the remediation specified in paragraphs 38-42, 44, 47-52, 54-55, 77-78 for such loan. In the event that Chase transfers the mortgage servicing of any loan subject to or covered by this Order pursuant to regulatory requirement or directive, or investor requirement (including but not limited to Fannie Mae, Freddie Mac, Ginnie Mae, the Federal Housing Administration, the Department of Veterans Affairs or the Department of Agriculture), Chase shall use its best efforts to ensure that the new servicer cooperates in its efforts to effectuate the applicable relief set forth in paragraphs 38-42, 44, 47-52, 54-55, 76-78; provided, however, that the USTP agrees and acknowledges that Chase cannot control the actions of any third party servicer with respect to such requests. As part of its best efforts, when contacted by a borrower impacted by a transfer of servicing, Chase shall direct the borrower to the appropriate contacts at the successor servicer with knowledge of Chase's request to honor the relief set forth above.

108. This Order constitutes the entire agreement between the Parties relating to the subject matter reflected herein and may not be modified except in writing executed and delivered by the parties hereto. However, should Chase become engaged in a dispute, including an actual or threatened contested matter, adversary proceeding or other litigation with an individual borrower who is represented by counsel, then Chase shall have the discretion to provide different relief to such borrower with his or her written consent and to take other customary litigation precautions.

109. This Order may be executed by the Parties in one or more counterparts, or via facsimile or electronically scanned signatures, each of which shall be deemed an original, all of which together shall constitute one and the same instrument.

110. If any time period in this Order is stated in days, the Parties and the Reviewer shall exclude the day of the event that triggers the period; count every day, including intermediate Saturdays, Sundays and legal holidays and include the last day of the period, but if any time period set forth in this Order expires on a Saturday, Sunday or legal holiday, such time period shall continue to run until the end of the next day that is not a Saturday, Sunday or legal holiday.

111. In no event shall Chase be required to refund distributions to a borrower or trustee in a Bankruptcy Case if such refund has previously been made to any such party in the case; e.g., Chase shall not be required to refund distributions to the chapter 13 trustee if refunds have already been made to the debtor, and vice-versa.

112. The costs, fees and expenses of the Independent Reviewer and any of his or her professionals shall be actual and reasonable as applied to professional persons under 11 U.S.C. § 328 and § 330. Should Chase deem the costs, fees and expenses incurred by the Independent Reviewer or any of his or her professionals to be unreasonable, it shall be authorized to seek reduction or disallowance of such fees from this Court, and this Court shall apply the same standards for professional fees as is appropriate under 11 U.S.C. § 330.

113. Chase shall in no event be required to provide any information hereunder to the USTP or the Independent Reviewer which shall constitute a violation of any federal or state law, including, but not limited to, privacy laws and the Truth In Lending Act, without an express order compelling such delivery by this Court.

114. This Order shall become effective upon the running of any appeal period following its execution by the Parties and its entry by the Court. Except as provided in paragraphs 44, 47-53, and 56, Chase's obligations under this Order shall end as described in paragraph 95.

115. In the event the USTP determines that Chase is in violation of this Order, it shall provide notice of such violation to Chase and provide Chase 45 days to cure or otherwise purge the conduct deemed by the USTP to constitute the violation prior to the filing of any motion to enforce this Order in this Court, unless more time is agreed to by the Parties.

116. Chase recognizes that the USTP is entering into this Order in reliance on the material accuracy and material completeness of the factual representations set forth herein and that in the event of fraud or misrepresentation of material facts the USTP may seek relief from the final judgment in accordance with FRCP 60(b) and other authorities, subject to providing reasonable notice to Chase and opportunity for Chase to respond.

117. Any payments required to be made under this Order shall be deemed made when deposited in the United States mail, postage prepaid and addressed to the last known notice address for a loan or when transmitted by wire transfer to the recipient. Any payee's failure or refusal to accept such payment shall not be deemed a breach of Chase's obligations under this Order. Upon request, Chase shall reissue a check that the payee failed to timely negotiate provided that such request is in writing and received prior to March 1, 2016.

118. Closure of the Belzaks' Case will not excuse compliance with the terms of this Order and the parties may reopen the Belzaks' Case to enforce or otherwise seek relief under the Order. The Independent Reviewer may file the reports contemplated by the Order without seeking to reopen the Belzaks' Case.

Dated: March 9, 2015

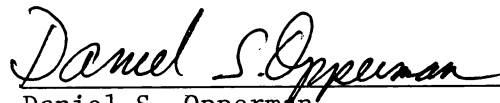

Daniel S. Opperman
U.S. Bankruptcy Judge

EXHIBIT A

Exhibit A

Belzak (E.D. Mich. 10-23963)

Spain (E.D. Mich. 10-33312)

Harper (S.D. Ohio 10-61422)

Palmer (W.D. Pa. 07-11476)

Lykens (W.D. Pa. 12-70026)

McDonough (D. Or. 13-64417)

Colunga (E.D. Mich. 08-34178)

Austin (W.D. Wis. 12-13664)

Maldonado (S.D. Tex. 11-20062)

Miller (W.D. Pa. 07-20858)

Fry (N.D. Ind. 11-32841)

EXHIBIT B

Type of Issue:	Impacted Cases:	Proposed Remediation¹:	Total Estimated Approximate Monetary Remediation:
<u>PCN Filing Issues</u>			
Substantively Inaccurate PCNs	HELOC Loans No. of impacted cases: 325	Forgiveness of entire unpaid principal balance of the loans. Any borrowers who opt out will receive account review and appropriate credit if borrower actually paid incorrect amount in reliance on Inaccurate PCN.	\$22,100,000
	Non-HELOC Loans No. of impacted cases: 106	Borrowers to receive credit for aggregate difference between amount set forth in the inaccurate PCN and correct monthly amount due for the time period that the PCN on file was inaccurate. Effective date inaccuracies calculated based on time period between the correct effective date and the effective date set forth in the PCN.	\$300,000
PCNs Impacted by the Moratorium ²	No. of impacted cases: 12,119 ³	Provide credit to suspense where no PCN filed or PCN filed late for ARM MSP changes and VLS changes for aggregate difference between old amount due and new amount due.	\$10,800,000 ⁴

¹ These descriptions summarize proposed action but language of the Order controls over this summary.

² Includes the interest rate changes on adjustable rate mortgage loans (ARMs), which includes HELOC and non-HELOC loans and monthly payment amount changes on products such as daily simple interest loans. However, this row does not include any changes to the escrow balances, which are covered below.

³ As of October 8, 2014.

Type of Issue:	Impacted Cases:	Proposed Remediation¹:	Total Estimated Approximate Monetary Remediation:
DSI Loans / Untimely DSI Loan PCNs	No. of Impacted cases: 10,743 ⁵	Payment of \$20.00 per DSI Loan whose borrowers were in an active Chapter 13 bankruptcy case as of October 31, 2013.	\$214,000 ²
<u>Escrow Issues</u>			
Pre-Moratorium Delayed Escrow Population	No. of impacted cases: 2,225	Credit escrow shortage for shortage amounts that accrued after the first 12 months from prior escrow analysis and refund surpluses for contractually current borrowers per RESPA.	\$800,000 ^{6 7}
Moratorium Delayed Escrow Population	No. of impacted cases: 16,058 ⁸	Credit escrow shortage for shortage amounts that accrued after the first 12 months from prior escrow analysis and refund surpluses for contractually current borrowers per RESPA	\$4,000,000 ^{7 8}
Escrow Remediation Population	No. of impacted cases: 8,165	Payment of \$600.00 per loan to each loan in the population	\$4,900,000

⁴ Approximate, and assumes that Chase files all PCNs for loans in bankruptcy with principal and interest changes (including HELOCs) impacted by the Moratorium on MSP by November 30, 2014, and for VLS, by December 31, 2014. If PCNs are filed on a more delayed schedule, this amount is expected to increase.

⁵ Chase plans to forgive certain of these loans for reasons unrelated to the settlement. The borrower(s) for any loan forgiven on or before March 31, 2015 will not receive payment pursuant to this provision so this number is likely to decrease.

⁶ Approximate, and assumes that Chase files all PCNs for loans in bankruptcy with escrows impacted by the Moratorium on MSP by November 30, 2014. If PCNs are filed on a more delayed schedule, this amount is expected to increase.

⁷ This amount is an estimate based on the aggregate amount of escrow shortages existing on loans in bankruptcy (which includes the aggregate of the Pre-Moratorium Delayed Escrow Population and Moratorium Delayed Escrow Population), calculated based on an average shortage assumption per loan in this row. Actual shortages in this row may differ; the actual escrow shortages per loan cannot be determined until loan-level escrow analyses are run.

⁸ As of September 10, 2014. For each month thereafter and until PCNs can be filed for loans in bankruptcy with an escrow, this number may increase.

Type of Issue:	Impacted Cases:	Proposed Remediation¹:	Total Estimated Approximate Monetary Remediation:
Aggregate Estimated Approximate Monetary Remediation:⁹			\$43,114,000

In addition, Chase shall undertake the following:

Type of Issue:	Proposed Remediation¹:
DSI Loans / Daily Simple Interest Calculation Complexity	Temporary reduction in the annual interest rate to 0.00% for certain DSI Loans on VLS (as described in Paragraph 35 of the Order).

⁹ Does not include a contribution of \$7,500,000.00 to the American Bankruptcy Institute's endowment for financial education and support for the Credit Abuse Resistance Education Program as described in the Order.