

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

In re:

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

Debtors.

Case No. 10-23963-dob

Chapter 13

Hon. Daniel S. Opperman

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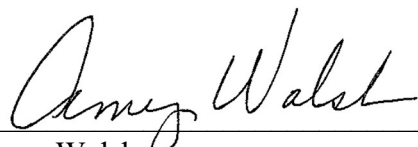
**DECLARATION OF AMY WALSH IN SUPPORT OF THE FINAL REPORT BY  
THE INDEPENDENT REVIEWER PURSUANT TO THE ORDER APPROVING  
SETTLEMENT BETWEEN THE UNITED STATES TRUSTEE PROGRAM AND  
JPMORGAN CHASE BANK, N.A.**

I, Amy Walsh, Esq., declare as follows:

1. I am a member in good standing of the Bar of the State of New York and a Partner with the law firm Orrick, Herrington & Sutcliffe, LLP, located at 51 West 52<sup>nd</sup> Street, New York, New York 10019. I am the Independent Reviewer appointed pursuant to the Order Approving Settlement Between the United States Trustee Program and JPMorgan Chase Bank, N.A. (the “Order”) filed by this Court on March 9, 2015 in connection with the above-captioned matter.
2. I submit this declaration and the Final Report by the Independent Reviewer in compliance with my obligations under the Order.
3. Accordingly, attached to this declaration is a true and correct copy of the Final Report by the Independent Reviewer.
4. With the filing of the Final Report, my obligations under the Order are complete and my oversight of this matter is concluded.

I declare under penalty of perjury that the foregoing representations are true and correct to the best of my knowledge.

Dated: March 30, 2018  
New York, New York

  
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Amy Walsh



# Chase Independent Review

## Fifth and Final Report by the Independent Reviewer *JPMorgan Chase Bank, N.A., Bankruptcy Settlement*

Amy Walsh  
*Independent Reviewer*

*March 30, 2018*

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## I. INTRODUCTION

This is the Independent Reviewer's fifth and final report (the "Final Report") filed pursuant to the March 9, 2015 Order Approving Settlement (the "Settlement Agreement") between the United States Trustee Program ("USTP") and JPMorgan Chase Bank, N.A. ("Chase") (collectively, "the Parties").<sup>1</sup> The Settlement Agreement, as originally ordered by the Bankruptcy Court for the Eastern District of Michigan, requires Chase to perform three primary undertakings: (1) to make internal operational changes to the manner in which it prepares and files payment change notices ("PCNs") and escrow analyses in connection with loans in Chapter 13 Bankruptcy cases ("Bankruptcy cases"); (2) to provide approximately \$43 million in remediation to borrowers in Chapter 13 Bankruptcy cases who were affected by Chase's PCN and escrow-related practices; and (3) to donate \$7.5 million to the American Bankruptcy Institute's endowment for financial education and support for the Credit Abuse Resistance Education Program.

In addition to this original mandate, the parties subsequently agreed to modify and supplement the Settlement Agreement to require Chase to: (1) make additional operational changes to the manner in which it prepares, files, and serves PCNs, and to remediate certain customers who were impacted by late-served PCNs; and (2) to make technological enhancements and remediate certain customers in connection with misinformation provided in Bankruptcy statement pages. The parties' agreement was adopted by the Bankruptcy Court by means of a Supplemental Order and a Modified Order entered in the Eastern District of Michigan on May 1, 2017 (collectively referred to as the "Supplemental Orders"). The parties agreed to extend the mandate of the Independent Reviewer to test Chase's compliance with these supplemental obligations.

The Independent Reviewer has issued four Reports detailing her oversight responsibilities, including disclosing the status of Chase's customer remediation and operational changes, explaining the testing methodologies and procedures she used to assess Chase's compliance with the Settlement Agreement, and discussing the test results. This Final Report sets forth the final test results and other pertinent information, including:

- A summary of the conclusions in the Independent Reviewer's first four Reports;
- A review of the test results from the remaining original testable requirements corresponding to Settlement Agreement paragraphs 50–53 (account reconciliation in connection with Notice of Final Cure), paragraphs 54 and 57 (remediation for unnoticed payment changes), paragraphs 55 and 57

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<sup>1</sup> Terms, phrases, and provisions of the Settlement Agreement defined in the Independent Reviewer's initial report ("Initial Report") maintain their definitions throughout this and subsequent reports by the Independent Reviewer. See, generally, Initial Report dated December 22, 2015, available at [www.chaseindependentreview.com](http://www.chaseindependentreview.com); see also Settlement Agreement, Exhibit 1 to the Initial Report dated December 22, 2015.

(remediation for the Moratorium Delayed Escrow Population), and paragraphs 76-77 and 79 (remediation for the Pre-Moratorium Delayed Escrow Population);

- A review of the test results from the new testable requirements added to the Independent Reviewer's mandate pursuant to the Supplemental Orders;
- A review and additional discussion about Chase's operational, technological, and control changes employed in connection with the Settlement Agreement; and
- A qualitative conclusion concerning the Independent Review.

All of the Independent Reviewer's reports, including this Final Report, were filed publicly with the Bankruptcy Court in the Eastern District of Michigan under the case captioned *In re Belzak*, Case No. 10-23963-dob, and are available on the Independent Reviewer's website at [www.chaseindependentreview.com](http://www.chaseindependentreview.com).

## II. SUMMARY OF PRIOR REPORTS

Between December 2015 and January 2018, the Independent Reviewer filed four Reports providing information about the following aspects of the Settlement:

- *Initial Report*: Disclosed the role of the Independent Reviewer, an overview of the testable requirements, an overview of Chase's remediation efforts, details regarding Chase's operational enhancements, and the Independent Reviewer's testing approach;
- *Second Report*: Disclosed Chase's customer remediation efforts, comparative testing methods, and test results for Settlement Agreement paragraphs 40, 76, 78-79, which relate to, respectively, Chase's remediation for customers with DSI Loans and relief for the Escrow Remediation Population;
- *Third Report*: Disclosed the test results for Settlement Agreement paragraphs 42, 38-39 and 41, 44 and 56, and 92(i) and (j), which relate respectively to reimbursement of certain attorney's fees in connection with PCN challenges, relief for Substantively Inaccurate PCNs, Chase's adherence to the Late Fees Policy, and the accuracy of post-Moratorium PCNs;
- *Fourth Report*: Disclosed the details of the Supplemental and Modified Orders and the test results for Settlement Agreement paragraphs 30 and 60, 92(a), 47-49 and 53, and 92(k), which relate respectively to the substantial accuracy of Chase's representations concerning the numbers of Incorrectly Signed PCNs and delayed escrow analyses stated in the Settlement Agreement, Chase's representations concerning its employees' review and verification of data in Incorrectly Signed PCNs, validation of Chase's practices in connection with motions for relief from stay, and the correction of the Escrow Overlay issue for post-petition escrow analyses.

The Independent Reviewer's first four Reports disclosed approximately 75% of the results of the Settlement Agreement's compliance testing performed by Chase's Bankruptcy Review Group (the "BRG")<sup>2</sup> and the Independent Reviewer. In connection with disclosing these test results, the Independent Reviewer reported on certain qualitative aspects of the Settlement, including technology and control

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<sup>2</sup> The BRG is an organization within Chase's risk group that has remained independent from Chase's mortgage servicing business and controls group.

enhancements, and impressions of Chase's personnel and processes related to the preparation and filing of PCNs.

This Final Report discloses the test results for the remaining original testable requirements and the two additional testable requirements pursuant to the Supplemental Orders.

### III. CURRENT REPORTING PERIOD TEST RESULTS

During the first half of 2017, the BRG completed its testing and submitted its results to the Independent Reviewer for the testable requirements under paragraphs 50–53, 54, 55 and 57, and 76-77 and 79 of the Settlement Agreement, and the two additional testable requirements under the Supplemental Orders.<sup>3</sup> These testable requirements relate to:

- **Paragraphs 50-53:** Chase's obligation to undertake a full account reconciliation of all post-petition payments prior to responding to a Notice of Final Cure and to provide certain credits to customers in the event that the reconciliation reveals an Unnoticed Payment Change,<sup>4</sup> an Untimely PCN (for payment increases),<sup>5</sup> or a Substantively Inaccurate PCN<sup>6</sup> (that overstated the payment amount) was filed during the PCN Relevant Period<sup>7</sup>;
- **Paragraphs 54 and 57:** Chase's obligation to provide certain credits or refunds to customers in connection with payment changes on adjustable rate mortgages that it failed to notice during the Moratorium;<sup>8</sup>

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<sup>3</sup> As noted in previous Reports, each testable requirement in the Settlement Agreement is tested pursuant to a Validation Protocol and related Test Procedure that the Independent Reviewer and Chase negotiated and agreed to prior to commencing testing. Paragraphs 50-53 were tested pursuant to Validation Protocol 9; paragraphs 54 and 57 were tested pursuant to Validation Protocol 6; paragraphs 55 and 57 were tested pursuant to Validation Protocol 7; and, paragraphs 76-77 and 79 were tested pursuant to Validation Protocol 11. These Validation Protocols were part of the original 15 Validation Protocols that covered all of the Independent Reviewer's testable requirements in the Settlement Agreement. As described in the Fourth Report, Chase and the Independent Reviewer negotiated two additional Validation Protocols (16 and 17 respectively) to provide a framework for the new testable requirements in the Supplemental Orders. Validation Protocol 16 tests the timely service of Chase's PCNs, and Validation Protocol 17 tests the correction of and remediation for incorrectly applied prepetition fees.

<sup>4</sup> An "Unnoticed Payment Change" is defined as a payment increase or payment decrease that was not noticed via a filed PCN during the PCN Relevant Period.

<sup>5</sup> An "Untimely PCN" is defined as a PCN filed with Bankruptcy courts (1) during the PCN Relevant Period, and (2) less than 21 days before a payment in the new amount was due or after the effective date of the new payment amount. SA, Article II.

<sup>6</sup> A "Substantively Inaccurate PCN" is defined as a PCN filed 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. SA, Article II.

<sup>7</sup> The PCN Relevant Period is the time period between December 1, 2011, and November 19, 2013. See SA, Article II.

<sup>8</sup> The "Moratorium" is defined as 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. For loans

- **Paragraphs 55 and 57:** Chase's obligation to provide certain credits or refunds in connection with customers in Bankruptcy as of May 1, 2014, for whose accounts Chase had not prepared an annual Escrow Analysis during the Moratorium;
- **Paragraphs 76-77 and 79:** Chase's obligation to provide certain credits or refunds in connection with customers in Bankruptcy as of November 19, 2013, for whose accounts Chase did not prepare an annual Escrow Analysis in advance of the Moratorium;
- **Modified Order:** Chase's obligation to credit customers in connection with PCNs that Chase timely filed but failed to serve on the customer 21 or more days in advance of the effective date of the payment change; and
- **Supplemental Order:** Chase's obligation to remediate customers to whom Chase sent account statements that included a Bankruptcy information page that improperly listed prepetition fees as post-petition amounts due.

As discussed in detail below, the Independent Reviewer has concluded that Chase complied with its obligations under each of the above-referenced paragraphs of the Settlement Agreement and the Supplemental Orders. The following discussion of the latest and final test results concludes the Independent Reviewer's oversight with respect to the Settlement. In completing her mandate, the Independent Reviewer has concluded that Chase has substantially complied with each of its obligations set forth in the Settlement Agreement.

**A. Validation of Notice of Final Cure Practices (Settlement Agreement Paragraphs 50-53)**

**Overview of Paragraphs 50-53.** Paragraphs 50-53 set forth Chase's obligations in connection with responding to Notices of Final Cure ("NOFC") that Chase received from Chase customers after the effective date of the Settlement Agreement (March 26, 2015). Specifically, Chase represented that upon receiving a NOFC in connection with a loan for which a payment change was unnoticed, untimely noticed, or substantively inaccurate during the PCN Relevant Period, Chase would conduct a full reconciliation of the customer's account to confirm all payments received post-petition were appropriately applied in determining the amount claimed due and owing and provide credits as follows: (1) in the event of an Unnoticed Payment Change, the difference between the payment amount noticed in the last filed PCN and the increased or decreased unnoticed payment amount due per Chase's system of record; or, (2) in the event of an Untimely PCN where the untimely noticed payment increased, the difference between the previous monthly payment amount and the new monthly payment amount for the time period between the effective date stated in the Untimely PCN and the first payment due date falling 21 days or more after the filing of the Untimely PCN. Lastly, for any Substantively Inaccurate PCN filed during the

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serviced in Chase's MSP system, the Moratorium ended October 31, 2014, and for loans serviced in Chase's VLS system, the Moratorium ended May 31, 2015.

PCN Relevant Period that overstated the payment amount, Chase must rely on its system of record and *not* on an incorrect PCN as it performs its post-petition reconciliation when responding to an NOFC.

The Independent Reviewer must validate whether Chase conducted the required account reconciliations prior to responding to an NOFC and, if required, whether Chase calculated and provided the appropriate credit. As detailed below, the Independent Reviewer has concluded that Chase passed the applicable testing and has therefore complied with its obligations under paragraphs 50-53.

***Identification of the Testing Population for Paragraphs 50-53.*** The testing population for paragraphs 50-53 consisted of all loans where (1) an NOFC was filed on or after March 26, 2015 for a Chase customer in Bankruptcy; (2) the customer's monthly payment increased or decreased during the PCN Relevant Period; and (3) Chase either failed to file a corresponding PCN (i.e., Unnoticed PCN) or filed an Untimely PCN or Substantively Inaccurate PCN.

The BRG ran queries within Chase's internal systems ("system of record") to identify the loans that met the above criteria, which resulted in a testing population of 6,524 loans. Under the terms of the applicable Validation Protocol and Test Procedures, the BRG selected a randomized, statistically significant sample of 307 loans to be tested. The Independent Reviewer validated both the system queries and the sampling process.

Prior to testing, the Independent Reviewer and Chase agreed to an overall threshold error rate that applied to the entire sample, as well as a tolerance for dollar-amount error that applied to each loan in the sample.

***BRG Testing of Paragraphs 50-53.*** First, the BRG tested whether, after receiving an NOFC, the amount that Chase claimed was due and owing as reflected in its discharge audit properly accounted for all post-petition payments. To begin, the BRG conducted its own account reconciliation of all payments due and payments received post-petition to determine the customer's amount due and owing at the time of discharge. Next, the BRG compared its results to the amount Chase stated as due and owing according to Chase's own ledger.

The BRG subsequently tested whether Chase provided the customer with the correct amount of relief for any unnoticed payment change or untimely payment increase. Specifically, applicable customer accounts were entitled to a credit in the event of an unnoticed payment increase or decrease or an untimely noticed payment increase during the PCN Relevant Period. To perform the credit calculation, the BRG first reviewed in PACER all PCNs filed in relation to a customer's account during the PCN Relevant Period. Next, the BRG identified all other payment changes that occurred in the customer's account as shown in Chase's system of record. By comparing the PCNs on file and the payment changes that occurred in a customer's account, the BRG identified all of the scenarios in which customers were due credits for



unnoticed payment increases or decreases or untimely filed PCNs in connection with payment increases. The BRG recalculated the proper credit due, if any, and determined whether Chase provided the customer with the accurate credit amount within the loan-level error tolerance.

As demonstrated in the table below, the BRG determined that Chase passed both components of its testing. The BRG’s overall test results were as follows:

Number of Loans in Test Population	Number of NAs <sup>9</sup>	Number of Loans That Passed	Number of Errors Found	Percentage of Errors in Total
351	44	294	13	4.23%

The BRG concluded that Chase complied with its obligations under paragraphs 50-53 and reported the above results to the Independent Reviewer. The BRG provided its testing workpapers for review and testing by the Independent Reviewer and her team.

**Independent Reviewer’s Testing of Paragraphs 50-53.** The Independent Reviewer’s assessment of paragraphs 50-53 involved a detailed retesting of all 351 loans tested by the BRG, including a review of those deemed NA to confirm that they were appropriately categorized as such. The Independent Reviewer employed two testing components: (1) an independent reconciliation of all post-petition payments to determine the accurate amount due and owing and (2) an independent calculation of any applicable credit. The Independent Reviewer and her team interacted extensively with the BRG to resolve questions that arose during the testing process.

In performing this testing, the Independent Reviewer engaged in a detailed analysis of Chase’s post-petition payment reconciliation for loans where the amount due and owing differed from the Independent Reviewer’s calculated amount. Notwithstanding these payment discrepancies, the BRG had passed these loans in its initial testing because further examination of the loans led the BRG to conclude that the post-petition payments had been properly applied. The Independent Reviewer worked with the BRG to understand its analysis and determine whether the Independent Reviewer agreed with its

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<sup>9</sup> Although the testing population discussed above consisted of loans for which the customer’s payment either increased or decreased during the PCN Relevant Period, the query logic used to systematically pull the loans from the system of record was broader than these criteria and included all loans that were active in Bankruptcy during the PCN Relevant Period. As a result, loans in the sample included loans for which no payment change occurred at all during the PCN Relevant Period. These loans were deemed not applicable (“NA”) for testing and thus were replaced by a new sample loan. In subsequent testing, the Independent Reviewer examined each loan deemed to be NA to determine whether it was properly designated and therefore should not be tested.

conclusions. After extensive analysis of each individual loan reconciliation, the Independent Reviewer concluded that the BRG's analysis was sound and that its conclusions were correct.<sup>10</sup>

After completing the loan-level testing and the credit calculation testing, the Independent Review team compared its findings with those from the BRG. The following table sets forth the results of the Independent Reviewer's loan-level testing with respect to its review of subparagraph 30(a), which leads the Independent Reviewer to conclude, as did the BRG, that Chase has met its obligations pursuant to Paragraphs 50-53:

Number of Loans in Test Population	Number of NAs	Number of Loans That Passed	Number of Errors Found	Percentage of Errors in Total
351	44	293	14	4.56%

As indicated above, although the Independent Reviewer's testing resulted in a different number of failing loans, the total number of failed loans fell below the applicable threshold error rate. The Independent Reviewer therefore concluded that Chase complied with its obligations in paragraphs 50-53 of the Settlement Agreement.

**B. Validation of Chase's Remediation for Unnoticed Payment Changes During the Moratorium Attributable to Changes in Principal and Interest for Adjustable Rate Mortgage ("ARM") Loans (Settlement Agreement Paragraphs 54 and 57)**

**Overview of Paragraphs 54 and 57.** Paragraphs 54 and 57 of the Settlement Agreement require Chase to remediate customers with ARM loans for which Chase did not file PCNs in connection with payment changes attributable to increases or decreases in principal and interest amounts during the Moratorium. SA ¶ 54. Chase is required either to credit the customers' accounts or refund the aggregate difference between the previous payment amount and the new, unnoticed payment amount for each month during which Chase did not file a PCN. *Id.* Chase is further required to provide written notice to these customers advising them of the applicable credit or refund and, where applicable, to file a Superseding PCN for these customers' accounts. *Id.* ¶ 57.

The Independent Reviewer is required to assess whether Chase properly remediated the customers affected by the conduct described in paragraph 54 and whether Chase provided the required written notice and a Superseding PCN, where applicable, by the PCN Moratorium Corrective Action Date of April 30, 2016. As detailed below, the Independent Reviewer has concluded that Chase timely complied with its obligations under paragraphs 54 and 57.

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<sup>10</sup> The primary cause of discrepancies in amounts due and owing was human error in conducting a manual post-petition payment reconciliation. The manual reconciliation process that was employed with respect to historical loans has since been replaced by a more formatted, automated process.

**Identification of the Testing Population for Paragraphs 54 and 57.** The testing population for paragraphs 54 and 57 consisted of ARM loans in Chapter 13 Bankruptcy as of February 28, 2015 for which (1) the customer's monthly payment either increased or decreased during the Moratorium, and (2) Chase did not file a PCN reflecting this change in payment obligation. The BRG used system queries to identify loans meeting these criteria, which resulted in a total population of 12,415 loans.

Under the terms of the applicable Validation Protocol and Test Procedures, the BRG selected a randomized, statistically significant sample of 314 loans to undergo testing. The Independent Reviewer validated both the system queries and the sampling process.

Prior to testing, the Independent Reviewer and Chase agreed to an applicable threshold error rate in testing whether remediation was properly provided, and a separate, narrower loan-level tolerance for dollar-amount error in connection with the proper credit amount.

**BRG Testing of Paragraphs 54 and 57.** Pursuant to the applicable Validation Protocol, the BRG tested three components for each loan in the sample to assess Chase's compliance with paragraphs 54 and 57. First, the BRG tested whether Chase provided the customer with the correct amount of relief (through either a credit or refund) for the unnoticed payment change. To satisfy this test component, the BRG used the agreed-upon Test Procedures to recalculate the proper amount of relief due to the customer based on each unnoticed payment change attributable to principal and interest adjustments that occurred during the Moratorium and continuing through either the time that Chase filed a PCN reflecting the current payment obligation or the date of the PCN Moratorium Corrective Action Date, whichever came first. The BRG then compared its relief calculation to the amount of relief that Chase provided to the customer. If the amount Chase provided to the customer was accurate or within the acceptable loan-level tolerance for dollar-amount error, the loan satisfied this first test component.

The BRG next tested whether Chase provided applicable customers with written notice of any credit or refund. To meet the requirements of this test component, Chase was required to provide evidence for each loan in the sample that the customer received a Missed PCN Remediation Letter ("Remediation Letter") and that the letter stated that the customer was provided with a credit or check in connection with the Settlement.<sup>11</sup> If Chase stated the amount of the credit or refund in the Remediation Letter, the amount had to match the credit or refund Chase provided. For each sampled loan, if there was evidence that the customer received a Remediation Letter that met these specifications, and that a copy

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<sup>11</sup> In addition to these two primary aspects of this testing, the applicable Test Procedures required Chase to send a copy of the Remediation Letter to the customer's Bankruptcy trustee in the event the customer was still in active Bankruptcy at the time Chase mailed the Remediation Letter.

of the letter was mailed to the customer’s trustee (where applicable), then the BRG considered the loan to pass the test.<sup>12</sup>

Finally, the BRG tested whether Chase filed a Superseding PCN in required cases. To pass this component of the testing, each loan in the sample that required a Superseding PCN<sup>13</sup> had to contain evidence that Chase filed a Superseding PCN on or prior to the PCN Moratorium Corrective Action Date. The BRG relied on PACER to determine whether Chase complied with this testing requirement.

The BRG’s testing across all three components yielded the following overall results:

Number of Loans in Test Population	Number of NAs	Number of Loans That Passed	Number of Errors Found	Percentage of Errors in Total
610	296 <sup>14</sup>	299	15	4.77%

The BRG subsequently provided its workpapers for review and testing by the Independent Reviewer and her team.

**Independent Reviewer’s Testing of Paragraphs 54 and 57.** The Independent Reviewer’s assessment of paragraphs 54 and 57 included independently testing all three requirements: (1) that Chase provided the appropriate amount of relief, (2) that Chase provided written notice to customers about the relief, and (3) that Chase filed a Superseding PCN, where required.

<sup>12</sup> In addition to remediating customers through the Settlement Agreement, Chase also provided customers with relief for circumstances it identified as it reviewed customers’ loans at various Bankruptcy exit points, including dismissal, discharge, and stay relief granted (“Exit Point Reconciliation”). Through the Exit Point Reconciliation, Chase provided customers credit for, among other things, missed PCNs. The Exit Point Reconciliation was separate from, but parallel to, the remediation efforts pursuant to the Settlement Agreement. Often, Chase provided relief to a customer through the Exit Point Reconciliation because the loan exited Bankruptcy and received its exit review prior to the bulk of the remediation efforts under the Settlement Agreement. However, Chase did not send Remediation Letters to customers who received relief through the Exit Point Reconciliation. Loans in the sample that Chase remediated through Exit Point Reconciliation passed the testing for paragraphs 54 and 57 if the BRG determined that the customer received the proper credit or refund.

<sup>13</sup> Not all loans in the sample required Superseding PCNs for various reasons, including, among others, that the customer had exited Bankruptcy, paid the loan in full, or surrendered the property.

<sup>14</sup> As was the BRG’s and the Independent Reviewer’s practice throughout the testing in the Settlement, loans in a sample that were deemed to be not applicable for testing were removed from the sample and replaced with a new loan from the testing population. Testing for paragraphs 54 and 57 pulled numerous loans into the sample that were not applicable for testing because the customer had exited Bankruptcy prior to the relevant testing period or an exception such as surrender or full loan payment was applicable. Other loans were deemed not applicable for testing because there were no missed PCNs during the PCN Relevant Period. Still more loans were deemed not applicable for testing because the customers were remediated through the Exit Point Reconciliation described in footnote 12, above. The Independent Reviewer tested each loan that the BRG deemed to be not applicable for testing to ensure that these loans were properly replaced with additional sample loans.

To test whether Chase provided the correct amount of relief (through either a credit or refund) for the unnoticed payment change, the Independent Reviewer first recalculated the amount of relief due to the customer. Per the terms of the Settlement Agreement, the relief calculation was based on each unnoticed payment change attributable to principal and interest adjustments that occurred during the Moratorium and continuing through either the time that Chase filed a PCN reflecting the current payment or the date of the PCN Moratorium Corrective Action Date—whichever came first. To calculate the correct relief amount, the Independent Reviewer first examined PACER to identify all PCNs that Chase filed for a relevant loan. The Independent Reviewer next examined and analyzed all relevant payment changes to calculate the credit based on the sum of the differences between each relevant payment change for as long as no payment change was noticed. The Independent Reviewer compared her credit calculation to the amount that Chase provided as a credit to the customer's account or in the form of a check to the customer. If the amount Chase provided to the customer was accurate or within the acceptable loan-level tolerance for dollar-amount error, the loan satisfied this first test component.

The Independent Reviewer next tested whether Chase provided applicable customers with written notice of any credit or refund. The Independent Reviewer examined each loan in the sample for evidence that the customer received a Remediation Letter and that the letter stated that a credit or check was provided in connection with the Settlement. If Chase stated the amount of the credit or refund in the Remediation Letter, the Independent Reviewer examined whether the amount matched the credit or refund Chase provided. If a sampled loan evidenced that the customer received a Remediation Letter that met these specifications, and a copy of the letter was mailed to the customer's trustee, where applicable, the loan satisfied this second testing component.

Finally, the Independent Reviewer tested whether Chase filed a Superseding PCN in required cases. The Independent Reviewer first determined whether a Superseding PCN was required for each loan in the sample. Similar to the BRG's testing, the Independent Reviewer found that a Superseding PCN was not required in cases where Chase had filed an accurate PCN prior to the end of the Moratorium or where the loan presented circumstances that vitiated the requirement for a PCN, such as property surrender or exit from Bankruptcy. The Independent Reviewer reviewed records in PACER to determine whether Chase filed Superseding PCNs when required and whether any Superseding PCN was filed on or prior to the PCN Moratorium Corrective Action Date. If the Independent Reviewer found that a loan met these requirements, the loan passed this final testing component.

The Independent Reviewer's testing across all three components yielded the following overall results:

Number of Loans in Test Population	Number of NAs	Number of Loans That Passed	Number of Errors Found	Percentage of Errors in Total
610	296	299	15	4.77%

Because the number of errors in the sample was within the applicable error rate, the Independent Reviewer concluded that Chase complied with its obligations under paragraphs 54 and 57 of the Settlement Agreement.

**C. Validation of Chase’s Remediation for Loans in the Moratorium Delayed Escrow Population (Settlement Agreement Paragraphs 55 and 57)**

**Overview of Paragraphs 55 and 57.** Paragraphs 55 and 57 of the Settlement Agreement require Chase to remediate customers in Bankruptcy as of May 1, 2014, for whom Chase had not prepared an annual escrow analysis as of June 30, 2014,<sup>15</sup> due to the Moratorium (the “Moratorium Delayed Escrow Population”). These paragraphs require Chase to prepare escrow analyses for this population and provide customers with credits for shortages or refunds for certain surpluses that accumulated after the first 12 months following the last escrow analysis. Paragraph 55(a) requires Chase to credit a customer’s account for any escrow shortage resulting from the Moratorium-delayed escrow analysis. Paragraph 55(b) requires Chase to refund customers for escrow surpluses that accrued because of the Moratorium-delayed escrow analysis, but only if that surplus was greater than \$50 and the customer was contractually current. Similar to the remediation obligations for paragraphs 54 and 57, Chase was also required to provide applicable customers with written notice of any relief and file a Superseding PCN, if required.

The Independent Reviewer is required to assess whether Chase prepared new escrow analyses and provided customers in the Moratorium Delayed Escrow Population with the correct amount of relief together with written notice and, if applicable, filed Superseding PCNs by the PCN Moratorium Corrective Action date of April 30, 2016. As detailed below, the Independent Reviewer has concluded that Chase timely complied with its obligations under paragraphs 55 and 57.

**Identification of the Testing Population for Paragraphs 55 and 57.** The testing population for paragraphs 55 and 57 consisted of loans with pending Chapter 13 Bankruptcy cases as of May 1, 2014 for which, as of June 30, 2014, an annual escrow analysis had not been performed for more than 12 months because of the Moratorium. The BRG used system queries, which the Independent Reviewer vetted, to identify loans with these characteristics, which resulted in a total population of 18,839 loans.

<sup>15</sup> The Settlement Agreement specifies September 30, 2014 as the date by which Chase must have implemented the operational enhancements to begin preparing escrow analyses and filing them with PCNs; however, Chase began filing escrow analyses in July 2014 and, as a result, the month-end prior to that time (June 30, 2014) (“MSP Operational Implementation Date”) was used for testing.

Under the terms of the applicable Validation Protocol and Test Procedures, the BRG selected a randomized, statistically significant sample of 325 loans to undergo testing.

Prior to testing, the Independent Reviewer and Chase agreed to an applicable threshold error rate in testing whether remediation was properly provided, and a separate, narrower tolerance for dollar-amount error in connection with the proper credit amount for each loan.

**BRG Testing of Paragraphs 55 and 57.** Pursuant to the applicable Validation Protocol, the BRG tested four questions for each loan in the sample to assess Chase’s compliance with paragraphs 55 and 57: (1) whether Chase prepared a new escrow analysis after the MSP Operational Implementation Date of June 30, 2014, (2) whether Chase provided the correct relief, (3) whether Chase provided written notice of any relief provided, and (4) whether Chase filed a Superseding PCN, if required.

First, to test whether Chase prepared escrow analyses after June 30, 2014, the BRG examined the system of record to determine whether an escrow analysis was required for each sample loan and, if so, whether Chase timely prepared the analysis. Using Chase’s document repository system called iVault, which stores escrow analyses prepared by Chase for its customers, the BRG identified all escrow analyses relevant to the testing time period. If the BRG found a record of an escrow analysis prepared after June 30, 2014, the loan passed this test component.

Second, the BRG tested whether Chase provided the customer with the correct amount of relief in connection with escrow shortages or, in some cases, surpluses. To satisfy this test component, the BRG used the agreed-upon Test Procedures to recalculate the proper amount of relief due to the customer based on the amount of the shortage or surplus that accrued as a result of the Moratorium-delayed escrow analysis. The BRG then compared its relief calculation to the amount of relief that Chase provided to the customer. If the amount Chase provided to the customer was accurate or within the acceptable loan-level tolerance for dollar-amount error, the loan satisfied this second test component.

The BRG next tested whether Chase provided applicable customers with written notice of any credit or refund. To meet the requirements of this test component, Chase had to provide evidence relating to each loan in the sample that the customer received a Delayed Escrow Remediation Letter (“Escrow Letter”) and that the letter stated that a credit or check was provided in connection with the Settlement.<sup>16</sup> If Chase stated the amount of the credit or refund in the Escrow Letter, the amount had to match the credit or refund Chase provided. If a sampled loan evidenced that the customer received an

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<sup>16</sup> The applicable Test Procedures required Chase to send a copy of the Escrow Letter to the customer’s Bankruptcy trustee in the event the customer was still in active Bankruptcy at the time of mailing.

Escrow Letter that met these specifications, and a copy of the letter was mailed to the customer’s trustee, where applicable, the BRG concluded that the loan passed the test.

Finally, the BRG tested whether Chase filed a Superseding PCN in required cases. To pass this component of the testing, each loan in the sample that required a Superseding PCN<sup>17</sup> had to contain evidence that Chase filed a Superseding PCN on or prior to the PCN Moratorium Corrective Action Date. The BRG relied on PACER to determine whether Chase complied with this requirement of the test.

The BRG’s testing across all four components yielded the following overall results:

Number of Loans in Test Population	Number of NAs	Number of Loans That Passed	Number of Errors Found	Percentage of Errors in Total
367	42 <sup>18</sup>	319	6	1.85%

The BRG subsequently provided its workpapers for review and testing by the Independent Reviewer and her team.

**Independent Reviewer’s Testing of Paragraphs 55 and 57.** The Independent Reviewer’s assessment of paragraphs 55 and 57 was based on independent testing of all four testing requirements: (1) that Chase filed a new escrow analysis after June 30, 2014, (2) that Chase provided the appropriate amount of relief, (3) that Chase provided written notice to customers about the relief, and (4) that Chase filed a Superseding PCN where required.

The Independent Reviewer first tested whether Chase prepared escrow analyses after June 30, 2014 for the sampled loans. Like the BRG, the Independent Reviewer also relied on the records in the loan file, including those from iVault, which reflected all the escrow analyses Chase prepared for its customers. For each loan, the Independent Reviewer identified the last escrow analysis prepared prior to June 30, 2014, and then identified the first escrow analysis prepared after June 30, 2014, which stopped the delay. If the Independent Reviewer identified an escrow analysis prepared after June 30, 2014, the loan passed this test component.

The Independent Reviewer next recalculated the amount of relief due to the customer based on the amount of the shortage or, in some cases, the surplus that accrued as a result of the Moratorium-

<sup>17</sup> Not all loans in the sample required Superseding PCNs for various reasons, including, among others, that the customer had exited Bankruptcy, paid the loan in full, or surrendered the property.

<sup>18</sup> As with other tests, certain loans were deemed not applicable for testing because the loan exhibits circumstances that caused it to be an exception to the testing population. These circumstances include a loan paid in full, a service-transferred loan, a property short sale, and other similar circumstances. Consistent with other testable requirements, if a loan was deemed to be not applicable for testing, it was replaced with another randomly sampled loan from the overall testing population.



delayed escrow analysis. The Independent Reviewer recalculated the proper amount of relief due to the customer based on the amount of the shortage or surplus that accrued in the time after which an annual escrow analysis should have been prepared and leading up to the time when Chase prepared an escrow analysis that stopped the delay. The Independent Reviewer then compared its relief calculation to the amount of relief (if any, in the case of a surplus) that Chase provided to the customer. If the amount Chase provided to the customer was accurate or within the acceptable loan-level tolerance for dollar-amount error, the loan satisfied the second test component.

The Independent Reviewer next tested whether Chase provided applicable customers with written notice of any credit or refund. The Independent Reviewer examined each loan in the sample for evidence that the customer received an Escrow Letter that stated that a credit or check was provided in connection with the Settlement. If Chase stated the amount of the credit or refund in the Escrow Letter, the Independent Reviewer examined whether the amount matched the credit or refund Chase provided. In the event a sampled loan evidenced that the customer received an Escrow Letter that met these specifications, and a copy of the letter was mailed to the customer’s trustee, where applicable, the loan satisfied this third testing component.

Finally, the Independent Reviewer tested whether Chase filed a Superseding PCN in required cases. The Independent Reviewer first determined whether a Superseding PCN was required for each loan in the sample. Similar to the BRG’s testing, the Independent Reviewer found that a Superseding PCN was not required in cases where the loan presented circumstances that eliminated the need for a Superseding PCN, such as property short sale. The Independent Reviewer reviewed records in PACER to determine whether Chase filed Superseding PCNs for applicable loans and whether any Superseding PCN was filed on or prior to the PCN Moratorium Corrective Action Date. If the Independent Reviewer found that a loan demonstrated these requirements, the loan passed this final testing component.

The Independent Reviewer’s testing across all four components yielded the following overall results:

<b>Number of Loans in Test Population</b>	<b>Number of NAs</b>	<b>Number of Loans That Passed</b>	<b>Number of Errors Found</b>	<b>Percentage of Errors in Total</b>
367	42	319	6	1.85%

Because the number of errors in the sample was within the applicable error rate, the Independent Reviewer concluded that Chase complied with its obligations under paragraphs 55 and 57 of the Settlement Agreement.

**D. Validation of Chase’s Remediation for Loans in the Pre-Moratorium Delayed Escrow Population and Payment Application Issues for the Escrow Remediation Population (Settlement Agreement Paragraphs 76-77 and 79)**

**Overview of Paragraphs 76-77 and 79.** Paragraphs 76-77 and 79 of the Settlement Agreement require Chase to remediate customers in active Bankruptcy as of November 19, 2013 that, as of that date, had not had an escrow analysis prepared in more than 12 months because of certain Chase business practices that predate the Moratorium (the “Pre-Moratorium Delayed Escrow Population”). These paragraphs require Chase to prepare escrow analyses for this population and provide customers with credits for shortages or refunds for certain surpluses that accumulated after the first 12 months following the last escrow analysis. Paragraph 77(a) requires Chase to credit customers’ accounts for any escrow shortage resulting from the Pre-Moratorium-delayed escrow analysis. Paragraph 77(b) requires Chase to refund customers for escrow surpluses that accrued because of the Pre-Moratorium-delayed escrow analysis, but only if the surplus was greater than \$50 and the customer was contractually current. This relief and the applicable testing is similar to remediation obligations under paragraphs 55 and 57, and, like these provisions, paragraph 77 requires Chase to provide applicable customers with written notice of any relief and file a Properly Filed PCN if required.

The Independent Reviewer is required to assess whether Chase prepared new escrow analyses to stop the delay and provided impacted customers with the correct amount of relief together with written notice and, if applicable, filed Superseding PCNs by the PCN Moratorium Corrective Action date of April 30, 2016. As detailed below, the Independent Reviewer has concluded that Chase has timely complied with its obligations under paragraphs 76-77 and 79.

**Identification of the Testing Population for Paragraphs 76-77 and 79.** The testing population for paragraphs 76-77 and 79 consisted of loans with pending Chapter 13 Bankruptcy cases as of November 19, 2013, that as of that date, had not had an annual escrow analysis performed for more than 12 months. The BRG used system queries, which the Independent Reviewer vetted, to isolate loans with these characteristics, which resulted in a total population of 1,263 loans. Under the terms of the applicable Validation Protocol and Test Procedures, the BRG selected a randomized, statistically significant sample of 257 loans to test.

Prior to testing, the Independent Reviewer and Chase agreed to an applicable threshold error rate that applied to the whole sample in determining whether remediation was properly provided. They separately agreed to a narrower loan-level tolerance for dollar-amount error in connection with the proper credit amount for each loan.

**BRG Testing of Paragraphs 76-77 and 79.** Pursuant to the applicable Validation Protocol, the BRG tested four questions for each loan in the sample to assess Chase’s compliance with paragraphs 76-77 and 79: (1) whether Chase prepared a new escrow analysis after the MSP Operational Implementation Date of June 30, 2014, but before the Delayed Escrow Corrective Action Date of April 30, 2016;<sup>19</sup> (2) whether Chase provided the correct relief; (3) whether Chase provided written notice of any relief provided; and (4) whether Chase filed a Superseding PCN, if required.

First, to test whether Chase prepared escrow analyses after June 30, 2014, but before April 30, 2016, the BRG examined the system of record to determine whether an escrow analysis was required for each sampled loan and, if so, whether Chase timely prepared the analysis. Relying primarily on Chase’s document repository system iVault, the BRG identified all escrow analyses relevant to the testing time period. If the BRG found a record of an escrow analysis prepared after June 30, 2014 to stop the delay and prior to the April 30, 2016 deadline, the loan passed this test question.

Second, the BRG tested whether Chase provided the customer with the correct amount of relief in connection with escrow shortages or, in some cases, surpluses. To satisfy this test component, the BRG used the agreed-upon Test Procedures to recalculate the proper amount of relief due to the customer based on the amount of the shortage or surplus that accrued as a result of the Moratorium-delayed escrow analysis. The BRG then compared its relief calculation to the amount of relief that Chase provided to the customer. If the amount Chase provided to the customer was accurate or within the acceptable loan-level tolerance for dollar-amount error, the loan satisfied this second test component.

The BRG next tested whether Chase provided applicable customers with written notice of any credit or refund. To meet the requirements of this test component, Chase was required to provide evidence as to each loan in the sample that the customer received a Delayed Escrow Remediation Letter (“Escrow Letter”) and that the letter stated that a credit or check was provided in connection with the Settlement.<sup>20</sup> If Chase stated the amount of the credit or refund in the Escrow Letter, the amount had to match the credit or refund Chase provided. For each sampled loan, if there was evidence that the customer received an Escrow Letter that met these specifications, and a copy of the letter was mailed to the customer’s trustee, where applicable, the BRG concluded that this loan passed the test.

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<sup>19</sup> The Delayed Escrow Corrective Action Date was originally November 30, 2015; however, the Parties extended the date to April 30, 2016 in a letter agreement dated December 2, 2015. See Second Report at 2.

<sup>20</sup> The applicable Test Procedures required Chase to send a copy of the Escrow Letter to the customer’s Bankruptcy trustee in the event the customer was still in active Bankruptcy at the time of mailing.

Finally, the BRG tested whether Chase filed a Superseding PCN in required cases. To pass this component of the test, for each loan in the sample that required a Superseding PCN,<sup>21</sup> there had to be evidence that Chase filed a Superseding PCN on or prior to the PCN Moratorium Corrective Action Date of April 30, 2016. The BRG relied on PACER to determine whether Chase complied with this testing component.

The BRG's testing yielded the following overall results:

Number of Loans in Test Population	Number of NAs	Number of Loans That Passed	Number of Errors Found	Percentage of Errors in Total
360	103 <sup>22</sup>	249	8	3.11%

The BRG subsequently provided its workpapers for review and testing by the Independent Reviewer and her team.

**Independent Reviewer's Testing of Paragraphs 76-77 and 79.** The Independent Reviewer's assessment of paragraphs 76-77 and 79 included independently testing the four test requirements: (1) that Chase filed a new escrow analysis after June 30, 2014; (2) that Chase provided the appropriate amount of relief; (3) that Chase provided written notice to customers about the relief; and (4) that Chase filed a Superseding PCN where required. The Independent Reviewer's testing in connection with the Pre-Moratorium Delayed Escrow Population in paragraphs 76-77 and 79 was substantially similar to her testing for paragraphs 55 and 57 (relief for the Moratorium Delayed Escrow Population).

The Independent Reviewer first tested whether Chase prepared escrow analyses for the sampled loans after June 30, 2014, but before April 30, 2016. The Independent Reviewer also relied on the records in iVault, among other systems, included in the loan evidence file collected by the BRG, which contained all the escrow analyses Chase prepared for its customers. For each loan, the Independent Reviewer identified the last escrow analysis prepared prior to the key date of November 19, 2013, and then identified the next escrow analysis that stopped a delay of greater than 12 months.<sup>23</sup> If the Independent

<sup>21</sup> Not all loans in the sample required Superseding PCNs for various reasons, including, among others, that the customer had exited Bankruptcy, paid the loan in full, or surrendered the property.

<sup>22</sup> Similar to other tests, certain loans were deemed not applicable for testing because the loan exhibits circumstances that caused it to be an exception to the testing population.

<sup>23</sup> In some cases, the escrow analysis that stopped the delay was prepared prior to June 30, 2014 and used to calculate credit in the second test component. These escrow analyses may have been generated during the Moratorium under certain circumstances, such as a customer requesting that Chase run their escrow analysis. However, this escrow analysis would not be the one used to validate whether the first test component was passed. An additional escrow analysis was required to be prepared after June 30, 2014.

Reviewer identified an escrow analysis prepared after June 30, 2014, but prior to April 30, 2016, the loan passed this test component.

The Independent Reviewer next recalculated the amount of relief due to the customer based upon the amount of the shortage or, in some cases, the surplus that accrued as a result of an escrow analysis that, as of November 19, 2013, had been delayed by more than 12 months. The Independent Reviewer recalculated the proper amount of relief due to the customer based on the amount of the shortage or surplus that accrued in the time after which an annual escrow analysis should have been prepared and leading up to the time when Chase prepared an escrow analysis that stopped the delay. The Independent Reviewer then compared its relief calculation to the amount of relief (if any, in the case of a surplus) that Chase provided to the customer. If the amount Chase provided to the customer was accurate or within the acceptable loan-level tolerance for dollar-amount error, the loan satisfied the second test component.

The Independent Reviewer next tested whether Chase provided applicable customers with written notice of any credit or refund. The Independent Reviewer examined each loan in the sample for evidence that the customer received an Escrow Letter that stated that a credit or check was provided in connection with the Settlement. If Chase stated the amount of the credit or refund in the Escrow Letter, the Independent Reviewer examined whether the amount matched the credit or refund Chase provided. In the event a sampled loan evidenced that the customer received an Escrow Letter that met these specifications, and a copy of the letter was mailed to the customer’s trustee, where applicable, the loan satisfied this third testing component.

Finally, the Independent Reviewer tested whether Chase filed a Superseding PCN in required cases. The Independent Reviewer first determined whether a Superseding PCN was required for each loan in the sample. Similar to the BRG’s testing, the Independent Reviewer found that a Superseding PCN was not required in cases where the loan presented circumstances that eliminated the need for a Superseding PCN, such as property short sale. The Independent Reviewer reviewed records in PACER to determine whether Chase filed Superseding PCNs for applicable loans and whether any Superseding PCN was filed on or prior to the PCN Moratorium Corrective Action Date. If the Independent Reviewer found that a loan demonstrated these requirements, the loan passed this final testing component.

The Independent Reviewer’s testing across all four components yielded the following overall results:

Number of Loans in Test Population	Number of NAs	Number of Loans That Passed	Number of Errors Found	Percentage of Errors in Total
360	103	249	8	3.11%

Because the number of errors in the sample was within the applicable error rate, the Independent Reviewer concluded that Chase complied with its obligations under paragraphs 76-77 and 79 of the Settlement Agreement.

**E. Validation of Chase's Compliance With the Supplemental Orders Dated May 1, 2017**

As the Independent Reviewer disclosed in her Fourth Report, Chase and the USTP entered into a Modified Order and Supplemental Order on May 1, 2017, which added two new testable requirements to the Independent Reviewer's mandate. See Fourth Report at 22-23. These testable requirements relate to the timely service of PCNs (the Modified Order) and to the accuracy of Bankruptcy information pages accompanying account statements that improperly listed prepetition fees as post-petition amounts due (Supplemental Order).<sup>24</sup> As detailed below, the Independent Reviewer has concluded that Chase has complied with its obligations under both the Modified and Supplemental Orders.

**1. Testing Pursuant to the Modified Order**

**Overview of the Modified Order.** Bankruptcy Rule 3002.1 requires servicers to file and serve PCNs for its mortgage customers in Bankruptcy at least 21 days prior to the effective date of most payment changes. As a result of the Settlement Agreement, Chase made numerous operational and control changes to the manner in which it prepared, reviewed, and filed PCNs. However, in February 2016, Chase became aware that, in some cases, it filed timely PCNs that nonetheless reflected inaccurate mailing dates on the accompanying certificates of service ("COS"). In applicable cases, the COS stated that the PCN had been served on the same day that it was filed, but, in reality, the PCN was served by mail, on average, between one and three days later. The COS in these cases were therefore inaccurate. In a subset of these cases, the delayed mailing meant that the PCN was not timely served as required by Bankruptcy Rule 3002.1.

Chase self-reported this issue to the USTP and the Independent Reviewer. Chase and the USTP subsequently engaged in lengthy discussions to resolve the issue and agree on appropriate remediation. These discussions resulted in modifications to the original Settlement Agreement as reflected in the Modified Order. See Fourth Report, Ex. A. The Modified Order required Chase to make operational enhancements and procedural changes to its PCN filing and service process to ensure that Chase served PCNs on the same day that it filed them. The Modified Order further required Chase to remediate customers who were impacted by untimely served PCNs by crediting the customer the aggregate

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<sup>24</sup> Chase and the Independent Reviewer defined the testing parameters for the Modified and Supplemental Orders by agreeing to two new Validation Protocols. Validation Protocol 16 and its accompanying Test Procedures set forth the testing approach for the Modified Order. Validation Protocol 17 and its Test Procedures established the testing approach for the Supplemental Order.

difference between the previous payment amount and the new payment amount, regardless of whether the payment increased or decreased, for the impacted time period. The Independent Reviewer tested whether Chase complied with these obligations.<sup>25</sup>

**Identification of the Testing Population for the Modified Order.** The testing population for the Modified Order was divided into three distinct categories: (1) the Base Population, (2) the Remediation Population, and (3) the Process Population. The Base Population consisted of all accounts that had a PCN filed during the PCN Service Relevant Period<sup>26</sup> after removing the 10,390 accounts already identified by Chase in the Modified Order as having an untimely filed PCN (the “Remediation Population”). The Base Population was tested to determine whether the number of loans that Chase identified as being part of the Remediation Population was substantially accurate. After the Remediation Population was validated through the testing of the Base Population, a sample was drawn from the Remediation Population to determine whether the borrowers on the loans in the Remediation Population received the required relief under the terms of the Modified Order. Finally, the Process Population consisted of all PCNs that Chase filed and served on or after April 26, 2016. The Process Population was tested to ensure that Chase’s operational and control enhancements are effective.

Under the terms of the applicable Validation Protocol and Test Procedures, the BRG selected a randomized, statistically significant sample of loans to test for each of the three populations. The Base Population sample consisted of 320 loans; the Remediation Population sample consisted of 312 loans; and the Process Population sample consisted of 318 loans. Prior to testing, the Independent Reviewer and Chase agreed to a threshold error rate applicable to each population, and a separate, narrower loan-level tolerance for dollar-amount error in connection with testing the proper credit amount was provided pursuant to the second testing component.

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<sup>25</sup> The Modified Order also required assessing whether Chase was continuing to act in accordance with the PCN Policies for the Untimely Served PCNs. The PCN Policies, as defined in the Settlement, reflect Chase’s practice to refrain from imposing post-petition late fees on borrowers in Bankruptcy, or as a result of Substantively Inaccurate or Untimely PCNs or unnoticed payment changes. See SA ¶ 44. However, Chase’s adherence to the PCN Policies was previously tested for predominantly the same time period, and that testing yielded no errors. In addition, there is no evidence that the Independent Reviewer is aware of indicating that Chase stopped following the PCN Policies at any time subsequent to the testing period. For these reasons, the Independent Reviewer concluded that no further testing was necessary regarding this element of the Modified Order.

<sup>26</sup> The PCN Service Relevant Period ran from December 1, 2011, when Bankruptcy Rule 3002.1 became effective, until April 25, 2016, when Chase implemented operational and control enhancements to ensure same-day filing and service of PCNs.

**BRG Testing of the Modified Order.** Pursuant to the applicable Validation Protocol, the BRG tested four questions across the three populations, and further engaged in a one-time validation of related policies and procedures.

First, the BRG tested whether Chase stated with substantial accuracy the number of accounts that received Untimely Served PCNs—the Base Population test. The BRG used PACER and its systems of record to identify all PCNs filed for customer accounts during the PCN Service Relevant Period. The BRG first determined whether these PCNs were timely filed at least 21 days prior to the payment change effective date.<sup>27</sup> For each PCN on a sampled account, the BRG next calculated the number of days between the time the PCN was mailed and the payment effective date. If the mailing date was at least 21 days prior to the payment effective date, the PCN was deemed to be timely served. Conversely, a PCN mailed fewer than 21 days in advance of the payment effective date was untimely.

Second, the BRG tested whether Chase provided the customer with the correct amount of relief in connection with the Untimely Served PCNs that Chase previously identified—the Remediation Population test. To satisfy this test component, the BRG used the agreed-upon Test Procedures to recalculate the proper amount of relief due to the customer based upon the sum of the differences for all Untimely Served PCNs on a customer’s account between the payment amounts in the previous PCN and the Untimely Served PCN. The BRG then examined whether Chase provided a check and a letter describing the remediation to the borrower by the Untimely Served PCN Corrective Action date of May 31, 2017.

The BRG next tested whether Chase is currently mailing PCNs on the same day that they file them—the Process Population Test. This test examined the filing and mailing dates for PCNs that Chase filed on or after April 26, 2016 using the new PCN file and mailing report required by the Modified Order to track and reconcile PCN filing and mailing dates. In connection with the same Process Population, the BRG also tested whether the COS for each PCN reflected the date on which it was in fact mailed.

Finally, the BRG examined Chase’s policies and procedures to determine whether Chase has sufficient policies, procedures, processes, or other requirements that, if followed, will ensure the same-day filing and mailing of PCNs effective as of April 25, 2016.

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<sup>27</sup> The BRG and the Independent Reviewer did not consider Untimely Filed PCNs under this testing protocol because they each tested the filing timeliness under separate provisions of the Settlement Agreement. However, the BRG and the Independent Reviewer first examined whether PCNs were timely filed for the purpose of the testing under the Modified Order because if the credit due to the customer was already included in the credit for an untimely filed PCN, then the account was excluded from the Remediation Population under the Modified Order.



The BRG found Chase’s policies and procedures to satisfy the requirements of the Modified Order. With respect to the loan-level testing, the BRG’s testing across all four components yielded the following overall results:

Result	Base Population Test	Remediation Population Test	Process Population Test
Pass	317	312	315
Fail	3	0	3
N/A	5	3	0
Error %	< 1%	0%	< 1%

The BRG subsequently provided its workpapers for review and testing by the Independent Reviewer and her team.

**Independent Reviewer’s Testing of the Modified Order.** The Independent Reviewer’s assessment of Chase’s compliance with the Modified Order included the four overarching test components and the policies and procedures review described above.

The Independent Reviewer first focused on the Base Population Test to determine whether Chase stated with substantial accuracy the number of accounts that received Untimely Served PCNs. The Independent Reviewer used PACER and evidence of Chase systems of record to identify all PCNs filed for customer accounts during the PCN Service Relevant Period. After isolating the timely filed PCNs that were in scope for testing, the Independent Reviewer next relied on Chase’s historical PCN mail file (the file that predates the reporting required under the Modified Order). The Independent Reviewer examined the number of days between the time the PCN was mailed and the payment effective date. If the mailing date was at least 21 days prior to the payment effective date, the PCN was deemed to be timely served. Conversely, a PCN mailed fewer than 21 days in advance of the payment effective date was untimely.

Next, the Independent Reviewer focused on the Remediation Population test to determine whether Chase provided the customer with the correct amount of relief in connection with Untimely Served PCNs. To satisfy this test component, the Independent Reviewer recalculated the proper amount of relief due to the customer based upon the sum of the differences for all Untimely Served PCNs on a customer’s account between the payment amounts in the previous PCN and the Untimely Served PCN. The Independent Reviewer used evidence from Chase’s systems of record and mail files to determine whether Chase provided the customer with a check in the proper amount and a letter describing the remediation by May 31, 2017. If the Independent Reviewer found a check in the proper amount accompanied by a remediation letter, dated on or before May 31, 2017, she deemed the loan to have satisfied this test component.

The Independent Reviewer then turned to the testing for the Process Population. This test component was aimed at ensuring that Chase’s operational enhancements were effective on or after April 26, 2016. These operational enhancements, described more fully below, involved cut-off times in Chase’s system applications that prevent PCNs from being filed after a certain time each day so that the PCN can also be mailed the same day. Coupled with these system enhancements are detailed reports informing Chase of any discrepancies between PCN filing and mailing dates. Using records from PACER and the new PCN file and mailing report, the Independent Reviewer determined whether Chase was effectively filing and mailing PCNs on the same day. If the Independent Reviewer could successfully reconcile the PCN filing and mailing date for a sampled loan, she next looked to the date reflected on the accompanying COS. The Independent Reviewer reviewed the COS to determine if it reflected the date that the PCN was in fact mailed. If these dates matched, the Independent Reviewer concluded that the loan passed this test component.

After completing the above loan-level testing, the Independent Reviewer’s testing across all three populations yielded the following results:

Result	Base Population Test	Remediation Population Test	Process Population Test
Pass	317	312	315
Fail	3	0	3
N/A	5	3	0
Error %	< 1%	0%	< 1%

Finally, the Independent Reviewer examined Chase’s policies and procedures to determine the existence of policies, procedures, processes, or other requirements that mandate the same-day filing and mailing of PCNs effective as of April 25, 2016. In connection with this test component, the Independent Reviewer received a detailed presentation from relevant Chase employees during an onsite examination at Chase’s mortgage servicing center in Lewisville, Texas. This presentation provided an overview of the policies, procedures, and processes that Chase has employed effective April 25, 2016, to ensure the timely filing and service of PCNs. These policies, procedures, and processes included:

- A COS with updated language stating that a copy of the document is provided to a vendor on the same day for mailing via the U.S. Postal Service, which accurately reflects the procedure that takes place;
- Policies and procedures instructing the PCN signer to verify that the COS information matches the customer’s PACER docket report and to ensure that the COS is attached to the PCN;
- Processes ensuring PCNs can only be processed until the 1:45 CST filing processing deadline each day from Monday through Friday to ensure that the PCN is mailed to the borrower on the same day that the PCN and COS are filed. Additionally, each day, the “Print Document for Filing” function is disabled after 1:30 PM CST and the “Upload Receipt and Confirm Filing” function is disabled after 1:45 PM CST;

- Policies requiring that, when PCN Signers receive PCNs back from Quality Control review, they must print the PCN, COS, and supporting documents and validate that the date on the COS is the accurate filing and mailing date;
- Policies stating that the quality assurance team reviews 100% of PCNs after they have been filed with the courts, and reconciles the date on each COS to the filing date;
- Detailed reporting that allows the PCN management team to validate that all filings and mailings occurred on the same day.

The Independent Reviewer further examined excerpts of Chase's policies and procedures document for MSP and VLS loans entitled "Payment Change Notice – Filing of the Approved PCN and COS." These procedures provide a step-by-step approach to preparing, reviewing, filing, and mailing a PCN and the accompanying COS, including the specific steps to follow if a PCN analyst discovers an error at any stage.

The Independent Reviewer also examined Chase's PCN Process Flow, which provides information on systemic events that occur after the 1:45 PM CST filing cut-off through the time that the filing and mailing status report is delivered to Chase. After consideration of the materials and documents referenced above and receiving the onsite process overview in Chase's mortgage servicing center, the Independent Reviewer concluded that Chase's policies, procedures, and processes satisfy the requirements of the Modified Order.

Because Chase passed each of the four testing components and the policies and procedures review, the Independent Reviewer concluded that Chase complied with its obligations under the Modified Order.

## **2. Testing Pursuant to the Supplemental Order**

**Overview of the Supplemental Order.** Pursuant to paragraph 100 of the Settlement Agreement, Chase identified an issue with respect to certain post-petition monthly account statements sent to some customers in Bankruptcy whose home equity loans were serviced in Chase's system of record known as VLS. At the time Chase identified this issue, the Settlement Agreement was nearly final; the Parties thus addressed the issue in the Settlement Agreement by agreeing to allow Chase time to further investigate the issue with the possibility of later determining any required remediation.

After further investigation, Chase reported to the USTP and the Independent Reviewer that it had uncovered a technological programming error that caused VLS to misapply certain pre-petition fees as post-petition amounts due ("Incorrectly Billed Pre-Petition Amounts"). This error was reflected on a Bankruptcy information page, which, while not required by law, Chase supplied to its customers in

connection with their first post-petition account statements for information purposes.<sup>28</sup> The programming error did not impact the other pages in periodic account statements, such as the amount due reflected on the first page.

Chase and the USTP subsequently engaged in discussions to resolve the issue per paragraph 100 of the Settlement Agreement. These discussions resulted in a Supplemental Order to the original Settlement Agreement. See Fourth Report, Ex. B. The Supplemental Order required Chase to make operational enhancements in VLS to ensure that it no longer misapplies pre-petition fees as post-petition amounts due. The Supplemental Order further required Chase to remediate customers who were impacted by this programming error by paying each of them \$300. The Independent Reviewer tested whether Chase complied with these requirements.

**Identification of the Testing Population for the Supplemental Order.** There are three separate and distinct testing populations to assess compliance with the Supplemental Order. In order to identify these populations, the BRG first isolated the approximately 6,441 accounts identified by Chase as having the potential to receive a post-petition account statement with an errant Bankruptcy information page reflecting misapplied pre-petition amounts during the VLS Relevant Period (the “VLS Remediation Population”).<sup>29</sup> From there, the BRG identified the Base Population, which consists of all HELOC accounts in Bankruptcy that were set up in VLS during the VLS Relevant Period after removing the 6,441 accounts in the VLS Remediation Population.<sup>30</sup> Finally, the Process Population consists of HELOC accounts in Bankruptcy that were set up in VLS after March 31, 2015, which is the date that the technological change corrected the programming error.

Under the terms of the applicable Validation Protocol and Test Procedures, the BRG selected a randomized, statistically significant sample of 313 loans to test the Base Population; a sample of 307 loans to test the Remediation Population; and a sample of 290 loans to test the Process Population.

Prior to testing, the Independent Reviewer and Chase agreed to an applicable threshold error rate applicable for each population.

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<sup>28</sup> Incorrectly Billed Pre-Petition Amount is defined as a fee that was incurred prior to filing of a Bankruptcy petition and that was reflected in the Post-Petition Payment Amount Field on the Bankruptcy information page of a periodic statement as though they were post-petition amounts.

<sup>29</sup> The VLS Relevant Period was from July 1, 2010 through March 31, 2015.

<sup>30</sup> In order to validate that the number of impacted accounts (6,441) identified in the Supplemental Order was accurate, the 6,441 identified accounts were removed from the Base population and a sample was drawn from the remaining testing population to determine if there were any other accounts, in addition to the 6,441 accounts already identified, that contained Incorrectly Billed Pre-Petition Amounts.

**BRG Testing of the Supplemental Order.** Pursuant to the applicable Validation Protocol, the BRG tested the three populations with three different test components.

First, the BRG tested the Base Population to determine whether Chase's stated number of loans in the Remediation Population was substantially accurate. To conduct this test, the BRG first removed the 6,441 loans known by Chase to have been impacted by the programming error. It then tested a sample of the remaining number of HELOC loans in Bankruptcy that were set up in VLS during the VLS Relevant Period to determine how many more accounts evidenced the misapplication of pre-petition fees on the borrower's Bankruptcy information page. To determine whether the sample loans exhibited this error, the BRG first examined when each borrower's Bankruptcy was set up in VLS and then identified the first appropriate periodic account statement that was generated immediately thereafter. It then examined the accompanying Bankruptcy information page to determine the "Post-Petition Payment Amount" and "Total Amount Due" fields. The BRG compared these amounts to their corresponding fields within the system of record to determine if the amounts included any fees. If a fee was included, the BRG reviewed the system of record to determine whether the fee was assessed pre- or post-petition. A loan was deemed to pass this test if there was no fee on the corresponding Bankruptcy information page or, if a fee was included, it was determined to be a post-petition fee rather than a misapplied pre-petition fee. A loan with a pre-petition fee included on the Bankruptcy information page would fail this test component. The BRG did not locate any additional accounts impacted by the VLS programming error and thus concluded that Chase stated this number in the Supplemental Order with substantial accuracy.

Based on its validation of the 6,441 accounts impacted, the BRG tested whether Chase provided these customers with the \$300 remediation payment pursuant to the Supplemental Order. To determine whether each account received proper relief, the BRG identified the letter and check sent in connection with each account to determine (1) whether they displayed the correct amount of relief, and (2) if they were sent on or before June 30, 2017. If the amount of relief provided satisfied both requirements, the loan passed this test component. The BRG did not identify any loans that failed this test.

Finally, the BRG tested the Process Population to determine whether HELOC accounts in Bankruptcy that were set up in VLS after March 31, 2015, exhibited any signs of Incorrectly Billed Pre-Petition Amounts. The BRG first examined when each borrower's Bankruptcy was set up in VLS and then identified the first periodic account statement that was generated immediately thereafter. Next, the BRG compared the Bankruptcy information page of the post-petition period account statement to the relevant corresponding fields within the system of record to determine if the amounts evidenced in the system of record included any fees. If a fee was included, the BRG then determined whether the fee was assessed pre- or post-petition. A sampled loan passed this test component if there was no fee included on the

accompanying Bankruptcy information page or, if a fee was included, it was determined to be post-petition. The BRG did not locate any loans that exhibited continued evidence of the VLS programming error.

Accordingly, the BRG’s testing across all three populations yielded the following results:

Result	Base Population	Remediation Population	Process Population
Pass	313	307	290
Fail	0	0	0
N/A	25	0	31
% Error	0%	0%	0%

The BRG subsequently provided its workpapers for review and testing by the Independent Reviewer and her team.

**Independent Reviewer’s Testing of the Supplemental Order.** The Independent Reviewer’s assessment of Chase’s compliance with the Supplemental Order included the three tests described above.

The Independent Reviewer first tested the Base Population to determine whether Chase’s stated number of loans in the Remediation Population was substantially accurate. The Independent Reviewer retested all 313 accounts in the Base Population sample that the BRG tested to determine how many more accounts evidenced the misapplication of pre-petition fees on the Bankruptcy information page. To make this determination, the Independent Reviewer reviewed evidence demonstrating when each borrower’s Bankruptcy was set up in VLS and the first appropriate periodic account statement that was generated immediately thereafter.

The Independent Reviewer then examined the accompanying Bankruptcy information page to determine the “Post-Petition Payment Amount” and “Total Amount Due” fields. She compared these amounts to their corresponding fields within the system of record to determine if the amounts included any fees. If a fee was included, the Independent Reviewer examined evidence from the system of record to determine whether the fee was assessed pre- or post-petition. A loan was deemed to pass this test if there was no fee on the corresponding Bankruptcy information page or, if a fee was included, it was determined to be a post-petition fee rather than a misapplied pre-petition fee. The Independent Reviewer did not identify any additional accounts impacted by the VLS programming error and thus concluded that Chase stated this number in the Supplemental Order with substantial accuracy.

Having validated the accuracy of the 6,441 accounts impacted, the Independent Reviewer tested whether Chase provided these customers with the \$300 remediation payment agreed upon in the Supplemental Order. To determine whether each account received proper relief, the Independent Reviewer examined evidence of the letter and check sent in connection with each account to determine

(1) whether they displayed the correct amount of relief, and (2) if they were sent on or before June 30, 2017. If the amount of relief provided satisfied both requirements, the loan passed this test component. The Independent Reviewer did not identify any loans that failed this test.

Finally, the Independent Reviewer tested the Process Population to determine whether HELOC accounts in Bankruptcy that were set up in VLS after March 31, 2015, exhibited any signs of Incorrectly Billed Pre-Petition Amounts in connection with the VLS programming error. The Independent Reviewer first examined when each borrower’s Bankruptcy was set up in VLS and then identified the first periodic account statement that was generated immediately thereafter. She then compared the accompanying Bankruptcy information page to the relevant corresponding fields within the system of record to determine if the amounts evidenced in the system of record included any fees. If a fee was included, the Independent Reviewer then determined whether the fee was assessed pre- or post-petition. A sampled loan passed this test component if there was no fee included on the accompanying Bankruptcy information page or, if a fee was included, it was determined to be post-petition. The Independent Reviewer did not identify any loans that failed this test.

Accordingly, the Independent Reviewer’s testing across all three populations yielded the following results:

Result	Base Population	Remediation Population	Process Population
Pass	313	307	290
Fail	0	0	0
N/A	25	0	31
% Error	0%	0%	0%

Because Chase passed each of these three testing components, the Independent Reviewer concluded that Chase complied with its obligations under the Supplemental Order.

**F. Qualitative Review of Chase’s Operational Enhancements and Aggregate Remediation as a Result of the Settlement Agreement**

The Settlement Agreement requires the Independent Reviewer to “file a final Report setting forth the results of the Independent Review [which] . . . shall include a discussion of the operational enhancements implemented by Chase and their impact on Chase’s ability to file Properly Filed PCNs.” SA ¶ 95. In addition, Chase represented in the Settlement Agreement a total anticipated remediation amount of approximately \$43,114,000. See Initial Report, Ex. A (Settlement Agreement, Ex. B).

The Independent Reviewer reported on Chase’s operational enhancements in prior Reports in connection with the testable requirement to which the enhancement related, or contemporaneously with

onsite visits during which the Independent Reviewer observed demonstrations of the operational enhancements. See Initial Report at 14-16; Final Report, *infra*, at 27-29. In this Report and prior Reports, the Independent Reviewer concluded that Chase passed the testing related to each of its remediation requirements. For the purposes of this Final Report, following is a brief summary of Chase's operational enhancements and total remediation amount that Chase paid pursuant to the Settlement Agreement and the Supplemental Orders:

- The Independent Reviewer previously reported that she and her team traveled to Chase's mortgage servicing business center in Lewisville, Texas, to view firsthand the operational enhancements required under paragraphs 32-36 of the Settlement Agreement. See Initial Report at 14-16. These enhancements include enhanced policies and procedures for the preparation, signing, and filing of PCNs; additional levels of quality control and quality assurance review both pre- and post-filing; enhanced training for PCN signers and reviewers; significant system changes to control the substantive review, quality control, and filing process; and the obtaining of credentials for PCN reviewers in each required jurisdiction while eliminating the use of 4S Technologies as a third-party filer. See SA ¶ 32(a)-(g). The Independent Reviewer was satisfied that Chase's operational enhancements were sufficiently robust to ensure that it was preparing, reviewing, and filing Properly Filed PCNs.
- The Independent Reviewer previously disclosed that, during the same onsite visit to Chase's mortgage servicing center, she received an overview of Chase's escrow-related operational enhancements required under paragraphs 72-75 of the Settlement Agreement. See Initial Report at 15-16. These enhancements include: technological upgrades to Chase's primary escrow system to allow it to store up to ten escrow analyses at any time; the preparation of monthly control reports to identify loans in Bankruptcy that have not had an escrow analysis run annually; the continued review and enhancement of quality assurance and testing processes in connection with discharge audits and motions for relief from stay. See SA ¶ 74 (a)-(d). The Independent Reviewer is satisfied that Chase's operational enhancements were sufficiently robust to remediate the Escrow Overlay issue and to ensure the timely and accurate preparation of escrow analyses in the future.
- The Independent Reviewer previously disclosed Chase's relevant conduct and additional obligations under the Modified Order relating to Untimely Served PCNs. See Fourth Report at 22-23 and Ex. A. The Independent Reviewer further reported the results of her testing under the Modified Order in this Final Report. See *supra* at 21-22. Part of the Independent Reviewer's testing examined the effectiveness of certain operational enhancements Chase employed to ensure the timely service of PCNs. As with other operational enhancements, the Independent Reviewer and her team visited Chase's mortgage servicing center to view firsthand the operational enhancements required under the Modified Order. The enhancements include: policies, procedures, and technology enhancements to ensure that timely filed PCNs are mailed or otherwise served on the customer on the same day that they are filed (though Chase may modify these to include the next business day as well); technology and policy enhancements for Chase and its service vendor that implement daily cut-off times for the physical filing and service of PCNs to ensure timeliness; daily reporting from Chase's service vendor that includes the filing and mailing date for each filed PCN; and internal procedures that call for a daily reconciliation of the filing to mailing dates of PCNs for the previous day to ensure that the process is effective. The Independent Reviewer reviewed the enhanced policies, procedures, and reporting, and she witnessed the technological enhancements and system "cut-offs" in real time. She is satisfied that Chase's operational enhancements are sufficiently robust to ensure the timely and accurate service of PCNs.



- The Independent Reviewer previously disclosed Chase’s relevant conduct and additional obligations under the Supplemental Order relating to the inaccuracy of Bankruptcy information pages that reflected incorrectly billed pre-petition amounts as a result of a technological programming error. See Fourth Report at 22-23 and Ex. B. The Independent Reviewer further reported the results of her testing under the Supplemental Order in this Final Report. See *supra* at 26-27. Part of the Independent Reviewer’s testing examined certain operational enhancements Chase employed to correct the technological issue that caused the misapplication of pre-petition payments. While visiting Chase’s mortgage servicing center, Chase information systems employees provided the Independent Reviewer and her team with a detailed overview of the technological error that caused the issue and the changes and testing that corrected it. As the Supplemental Order requires, Chase technologists walked the Independent Reviewer through the three layers of testing performed before and after the technology system change, including testing by developers, quality assurance testing to ensure the new change does not have an adverse impact systemically, and validation testing by the mortgage banking division. The technologists appeared to have identified and corrected the root cause of the pre-petition fee misapplication, and the Independent Reviewer found the technology testing process to be thorough. When viewed together with the compliance testing results described above, the Independent Reviewer was satisfied that Chase effectively made the operational enhancements required by the Supplemental Order.
- Chase estimated in Exhibit B to the Settlement Agreement that it would pay a total of approximately \$43,114,000 in remediation in connection with the following categories: Substantively Inaccurate PCNs; PCNs impacted by the Moratorium; DSI Loans and related untimely PCNs; the Pre-Moratorium Delayed Escrow Population; the Moratorium Delayed Escrow Population; the Escrow Remediation Population. The Independent Reviewer tested Chase’s remediation steps and concluded that Chase satisfied its obligations to provide the required remediation. In total, Chase exceeded its estimate by paying an aggregate amount of over \$60,000,000 to the Chase customers that were entitled to remediation under the Settlement Agreement and the Supplemental Orders.

In light of the foregoing, the Independent Reviewer has concluded that Chase has satisfactorily complied with its obligation to provide the required remediation and implement certain operational enhancements under the Settlement Agreement and Supplemental and Modified Orders.

#### **IV. CONCLUSION**

As detailed above and in previous Reports, the Independent Reviewer has concluded that Chase substantially complied with each of its obligations under the Settlement Agreement, the Supplemental Order, and the Modified Order. The table below sets forth the date on which the BRG reported its initial test results for each paragraph to the Independent Reviewer and the date on which the Independent Reviewer either certified or reported her independent assessment.

VP	Settlement Agreement Paragraphs/Testable Requirements	Date the BRG Provided Its Testing to the IR	Date the IR Certified or Reported Her Assessment <sup>31</sup>	Assessment Conclusion
1	Population Validation pursuant to ¶ 92(b)-(c); ¶ 30(a)-(g); ¶ 60	July 1, 2016	Certified on June 12, 2017	Complied <sup>32</sup>
2	Forgiveness/Lien Release for Substantively Inaccurate PCNs pursuant to ¶ 92(d); ¶¶ 38, 39, 41	June 13, 2016	Third Report filed March 7, 2017	Complied
3	Payment for certain DSI Loans pursuant to ¶ 92(d); ¶ 40	February 16, 2016	Second Report filed August 12, 2016	Complied
4	Reimbursement of attorneys' fees for successful challenges to payment increases or related costs pursuant to ¶ 92(d); ¶ 42	February 16, 2016 <sup>33</sup>	Third report filed March 7, 2017	Complied
5	Policies and procedures governing late fees, certain other charges, and corrective action pursuant to ¶ 92(e); ¶¶ 44, 56	August 31, 2016	Third Report filed March 7, 2017	Complied
6	Credits or refunds for unfiled PCNs during the PCN Moratorium pursuant to ¶ 92(f); ¶¶ 54, 57	June 30, 2017	Certified on December 22, 2017	Complied
7	Loans with Moratorium-delayed escrow analyses pursuant to ¶ 92(f); ¶¶ 55, 57	February 23, 2017	Certified on October 5, 2017	Complied
8	Credits or refunds for Untimely, Unfiled, or Substantively Inaccurate PCNs where Chase sought relief from stay pursuant to ¶ 92 (g); ¶¶ 47-49, 53	August 31, 2016	Certified on June 12, 2017	Complied
9	Credits or refunds for Untimely, Unfiled, or Substantively Inaccurate PCNs where Chase filed Notice of Final Cure pursuant to ¶ 92(g); ¶¶ 50-53	April 4, 2017	Certified on November 18, 2017	Complied
11 <sup>34</sup>	Credits or refunds for loans in Pre-Moratorium Delayed Escrow Population pursuant to ¶ 92(h); ¶¶ 76, 77, 79	February 23, 2017	Certified on October 5, 2017	Complied

<sup>31</sup> For certain testable requirements, the Independent Reviewer certified her assessment for Chase prior to reporting the results. The Independent Reviewer and Chase agreed to certify certain assessments in order to comply with the testing time frames set forth in the Work Plan (see Initial Report at 18) in cases where the assessment timetable would expire prior to the time that the Independent Reviewer would file her next report.

<sup>32</sup> As the Independent Reviewer noted in her Fourth Report, Chase understated the number of Incorrectly Signed PCNs in subparagraph 30(e); however, no corrective action was required pursuant to paragraph 94 because paragraph 30(e) is only a factual representation, and any customers impacted by the Incorrectly Signed PCNs covered by subparagraph 30(e) were remediated and tested under separate provisions of the Settlement Agreement.

<sup>33</sup> The Independent Reviewer's testing was delayed because of an issue related to the payee on the remediation checks (to whom they were made out) and the addressee on the checks (to whom they were sent). See Third Report at 3-5. In connection with this issue, the BRG submitted additional evidence for testing by the Independent Reviewer on November 2, 2016.

<sup>34</sup> As noted in the Initial Report (see Initial Report at 20), Validation Protocol 10 was intentionally removed from this list because the Independent Reviewer and Chase mutually concluded that the testable requirements in paragraphs 53 and 92(g) (testing Chase's account reconciliation in cases where Chase filed a Substantively Inaccurate PCN) would be tested most efficiently alongside the testable requirements described in Validation Protocols 8 and 9 (testing account reconciliation in connection with Motions for Relief from Stay and Notices of

12	Payment for loans in Escrow Remediation Population pursuant to ¶ 92(h); ¶ 78	March 17, 2016	Second Report filed August 12, 2016	Complied
13A	Accuracy of PCNs filed after Moratorium (MSP) pursuant to ¶ 92(i)	March 17, 2016	Third Report filed March 7, 2017	Complied
13B	Accuracy of PCNs filed after Moratorium (VLS) pursuant to ¶ 92(j)	March 17, 2016	Third Report filed March 7, 2017	Complied
14	Review of escrow analyses filed after Moratorium pursuant to ¶ 92(k)	October 21, 2016	Certified on August 16, 2017	Complied
15	Historical review of whether PCNs were substantively reviewed pursuant to ¶ 92(a)	October 21, 2016	Certified on June 12, 2017	Complied
16	Remediation and Process Change Testing for Untimely Served PCNs pursuant to the Supplemental Order dated May 1, 2017	July 26, 2017	Certified on March 16, 2018	Complied
17	Remediation and Process Change Testing for the misapplication of post-petition fees in Bankruptcy information pages pursuant to ¶ 100 and the Modified Order	September 18, 2017	Certified on March 16, 2018	Complied

Pursuant to Settlement Agreement paragraph 93, the Independent Reviewer’s oversight of each testable requirement concludes as of the date that she certifies or reports her assessment. Specifically, “if the Independent Reviewer’s assessment concludes that Chase has met the standard or fulfilled the condition required . . . appointment of the Independent Reviewer . . . 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.” SA ¶ 93. Accordingly, under the terms of the Settlement Agreement, the Independent Reviewer cannot attest to any additional operational enhancements, changes to process, or policy updates that Chase has implemented since the time her duties concluded as to each assessment listed in the above table.

For this reason, Chase has certified to the Independent Reviewer that it is not aware of facts or circumstances that would render materially inaccurate the BRG’s and Independent Reviewer’s testing results and reported conclusions for all the testable requirements in the Settlement Agreement. In addition, Chase has orally updated the Independent Reviewer with respect to certain system or process enhancements it has made and certain non-systemic issues it has identified and corrected throughout the course of the Independent Review. Chase’s updates and its written certification provide the Independent Reviewer with additional comfort that her testing was thorough and accurate and that she can stand by her test results. The Independent Reviewer has no reason to doubt Chase’s continued diligence regarding its ongoing preparation and filing of PCNs and escrow statements.

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Final Cure). Validation Protocol 10 therefore became part of Protocols 8 and 9 and ceased to be a stand-alone Protocol.

In view of this fifth and Final Report, the Independent Reviewer's mandate is complete and she therefore concludes her oversight with respect to the testable requirements and other obligations under the Settlement Agreement.

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