

Due to the nationwide impacts of the coronavirus (COVID-19), it may take us longer than usual to answer your call.

We are still processing complaints and you can check the status of an existing complaint online.



Consumer Financial
Protection Bureau

(<https://www.consumerfinance.gov/>)

◀ All complaints (.)

191215-4615112

CLOSED

✓ Submitted

STATUS

Submitted to the CFPB on 12/14/2019

PRODUCT

Mortgage

ISSUE

Applying for a mortgage or refinancing an existing mortgage

We received your complaint. Thank you.

We will review your complaint. Depending on what we find, we will typically:

- Send your complaint to the company for a response; or
- Send your complaint to another state or federal agency, or help you get in touch with your state or local consumer protection office; or
- Let you know if we need more information to continue our work.

YOUR COMPLAINT

Chase 2004-2008 Predatory Lending, Mortgage Loan Fraud, and Racial Discrimination/Racial Profiling Practices and 2013 Chase/SPS Eleventh-Hour Outsourcing Maneuver to Conceal more than 175k Chase-Originated "Toxic Mortgages" from DOJ Investigators during the Chase RMBS Securitization Lawsuit. Chase 2004-2008 Predatory Lending, Mortgage Loan Fraud, and Racial Discrimination/Racial Profiling Practices and

2013 Chase/SPS Eleventh-Hour Outsourcing Maneuver to Conceal more than 175k Chase-Originated "Toxic Mortgages" from DOJ Investigators during the Chase RMBS Securitization Lawsuit. In 2004, Chase Manhattan Bank USA, N. A., and JPMorgan Chase Bank, N. A. (JPMCB), along with JPMCB subsidiary: Chase Manhattan Mortgage Corporation (CMMC), organized a clandestine, nation-wide home mortgage lending center in the CMMC branch office located in Fort Washington, Pennsylvania. The singular-purpose of this direct-marketing mortgage origination "boiler-room", which was known as Chase Home Loan Direct® was to provide the newly-formed JPMorgan Chase Bank, N. A. with a competitive "player in the rapidly-growing subprime lending market. This direct marketing boiler-room operated continuously until 2008 when it was abruptly shut down. During the four-plus years, this boiler was operational; it originated non-conforming home mortgage loans‡ which would be disclosed to HMDA using Respondent ID: 0000023160-1, which had been assigned to Chase Manhattan Bank USA, National Association since 1999. ¶ Chase Manhattan Bank USA, N. A. would then "sell" these newly-originated home mortgage loans to JPMCB. ¶ These non-conforming home mortgage loans would then immediately be re-submitted to HMDA as purchased, conforming loans by JPMCB using Respondent ID:0000000008-1, which had been assigned to Bank One, National Association (IL) since 1999. For all intentional-purposes, this "two-tier home mortgage loan origination scheme was used to conceal the magnitude of JPMCB's involvement in the subprime home mortgage lending fraud by morphing more than one-hundred-and-seventy-five-thousand non-conforming "Toxic Mortgages", originated by Chase Home Loan Direct¶ into an equal number of conforming home mortgage loans, disclosed/registered as being originated by JPMCB. After this two-tier, morphing process was completed, JPMCB could then: ¶ Hold a selected number of these now-conforming home mortgage loans for "investment and other purposes", ¶ Sell other selected home mortgage loans to GSEs, financial institutions, and private investors. ¶ Collaborate with affiliate: JPMorgan Chase Acquisition Corporation (JPMAC), to securitizes the remainder of these morphed-conforming home mortgage loans into Chase RMBS Certificates which were then sold to financial institutions, retirement funds, insurance companies, credit unions, and private investors. The illegal, two-tier origination scheme employed by Chase Manhattan Bank USA, N. A. and JPMorgan Chase Bank, N. A. provided the JPMorgan Chase and Company with an unfair advantage over all other banks (and non-banks) in the highly-competitive subprime home mortgage lending arena. The size, reputation, and standing as these two National Banks allowed the illicit origination process to "fly under the radar of federal fair housing/fair lending institution such as OCC, HUD, DOJ, and finally, CFPB. ‡ Conforming loan is a mortgage that is equal to or less than the dollar amount established by the conforming loan limit set by the Federal Housing Finance Agency (FHFA) and meets the funding criteria of Freddie Mac and Fannie Mae. For borrowers with excellent credit, conforming loans are advantageous due to the low-interest rates affixed to them. Chase home loan direct® employed quasi-independent mortgage brokers organized into direct-marketing teams. Each of these teams was empowered to use "all legal (and/or illegal) means in their arsenal to defraud and scam potential home mortgage loan applicants. These tactics included bait-and-switch, stated income, loan flipping; and a variation of illegal equity-stripping tactics designed to strip targeted-applicants equity in their real estate property. This "stripping all meat-off-the-bone scam"

was performed by the chase lending specialist in complete isolation and purposely excluded the involvement and/or participation of the prospective home mortgage applicant until the chase lending specialist completed the home mortgage loan application creation process and was assured of an approval from the Chase Underwriting system. Although some form of credit verification and creditworthiness of the proposed applicants were performed, the result of they played no role in the actual origination of home mortgage loans. The information gathered by these "credit checks", was used by the chase lending specialist during the application creation process; and, more importantly, to manipulate applicants into applying for home mortgage loans that resulted in the largest yield spread premium (YSP) bonuses. In addition to being paid YSP bonuses, chase lending specialists also received compensation based upon the mortgage discount points assessed to the mortgage loan. The home mortgage creation process was performed using the following process:

- ¶ The Chase Lending Specialist would create multiple loan applications on the applicant's behalf, without the knowledge and approval of the home mortgage loan applicant. Each of these applications was prepared with different mortgage loan terms and conditions, and each would result in different Yield Spread Premium (YSP) Bonuses for the Chase Lending Specialist.
- ¶ After this illegal process was completed, the Chase Lending Specialist would then present the "winning" home mortgage loan to the loan applicant; "taking full credit for obtaining the best home mortgage loan terms and conditions possible under difficult circumstances".
- ¶ If the home mortgage applicant objected to the terms and conditions of the loan, the Chase Lending Specialist would use to coerce, cajole, and otherwise convince naïve, unwary applicants to accept the terms and conditions negotiated on their behalf.
- ¶ If the applicant expressed reservation regarding his (or her) ability to pay the resulting monthly mortgage loan amount, the chase lending specialist would "promise" to modify the home mortgage loan in exactly twelve months and would promise that the modified mortgage loan would have a lower interest rate and a lower monthly payment. (this loan modification promised always included the caveat that all monthly mortgage payments would have to be made on-time, with no late fees.)

Clearly, the criminalities of Chase Lending Specialists, were, at a minimum, condone and most likely, encouraged by the two principal operators of Chase Home Loan Direct®: JPMorgan Chase Bank, N. A. and Chase Manhattan Bank USA, N. A.; and, even more appalling, the government agencies who had a fiduciary responsibility to protect American citizens from crimes such as these selected a benign neglect, laissez-faire approach to these crimes. (The criminal acts of these so-called mortgage brokers were in violated the Chase Fair Lending Policy.) In addition to purchasing 175,697 home mortgage loans from affiliates Chase Home Loan Direct® and Chase Manhattan Bank USA, N. A.; and an underdetermination number of home mortgage loans from affiliates Chase Manhattan Mortgage Corporation (CMMC)/Chase Home Finance, LLC (CHF), and twenty-one Chase Joint Venture Partnerships (JVPs); JPMCB also purchased blocks of home mortgage loans from known subprime lenders WMC Mortgage Corporation, Countrywide Financial Corporation, and Greenpoint Mortgage funding, Inc. In the 2011 report from the Center for Public Integrity, detailing the top-25 subprime lenders for the years 2007, these three lenders were ranked as the first, tenth, and twenty-third subprime lenders in the US. (Coincidentally, Chase Home Finance, LLC, who at the time was a wholly-owned subsidiary of JPMCB, was ranked thirteenth on this list, but Chase Home

Loan Direct® which “should” have been in the upper half of this list, was not even included on the list.) Additionally, what differentiates JPMCB and its affiliates from others on this list, is the fact that it appears to be the only lender on this list that exclusively solicited, and/or targeted economically-distressed consumers residing in urban, inner-city MSAs/MDs. Even worse, even after JPMorgan Chase and Company pled guilty to the crimes and misdemeanors included in the Chase RMBS Lawsuit and was assessed the largest fine of this type in history, JPMCB along with its business partner, Select Portfolio Servicing, conspired via the illicit Chase/SPS Eleventh-Hour Outsourcing Maneuver” to deny owners of Chase-originated “Toxic Mortgages” from receiving their rightful share of the four-billion-dollar Consumer Relief/Restitution that was to be distributed as stipulated in the follows excerpts from the DOJ Settlement Documents: ¶ The resolution also requires JPMorgan to provide much-needed relief to underwater homeowners and potential homebuyers, including those in distressed areas of the country. The settlement does not absolve JPMorgan or its employees from facing any possible criminal charges. ¶ JPMorgan will pay out the remaining \$4 billion in the form of relief to aid consumers harmed by the unlawful conduct of JPMorgan, Bear Stearns and Washington Mutual. That relief will take various forms, including principal forgiveness, loan modification, targeted originations and efforts to reduce blight. Five RMBS Trust Certificates including: JPMAC 2007-CH1, JPMAC 2007-CH2, JPMAC 2007-CH3, JPMAC 2007-CH4, and JPMAC 2007-CH5, were listed in the Chase RMBS Lawsuit, and as far as have been determined none of the Chase-Originated “Toxic Mortgages” included in these RMBS Trust Certificates received any relief/restitution from the Four-Billion-Dollar Consumer Relief Provision of this settlement. The seventy-seven RMBS Trust Certificates listed in this lawsuit was the genesis of the lawsuit and the Chase/SPS conspiracy to exclude the tens of thousands of “Toxic Mortgages” originated by Chase Lending Specialists employed by Chase Home Loan Direct® and the Chase and SPS attempts to cover-up the Predatory Lending, Mortgage Loan Fraud, and Racial Discrimination by the aforementioned JPMorgan Chase and Company affiliates are justification for a government thorough, comprehensive investigation by Department Of Justice (DOJ), Office of the Inspector General (OIG), and the General Services Administration (GSA). Whereas nine of the thirteen-billion-dollar Chase RMBS Trust Settlement was distributed as restitution to federal and state government agencies, the remaining four-billion-dollars of this settlement was distributed to 123,737 consumers, none of which were included in the five Chase RMBS Trust Certificates outsourced to SPS thirty-five days before the lawsuit settlement was announced. Given this scenario: “If It Looks Like A Duck, Walks Like A Duck, and Quacks Like A Duck, Then Its Probably A Duck!”

ATTACHMENTS

[Analysis of 2004-2008 Chase Non-Prime Division Lending Practices and 11th-Hour Maneuver \(ExecutiveSummary\).pdf \(3.2 MB\)](#)

View full complaint 

✓ Sent to company

STATUS

Sent to company on 12/14/2019

We've sent your complaint to the company, and we will let you know when they respond.

Their response should include the steps they took, or will take, to address your complaint.

Companies generally respond in 15 days. In some cases, the company will let you know their response is in progress and provide a final response in 60 days.

✓ Company responded

STATUS

Company responded on 12/20/2019

RESPONSE TYPE

Closed with explanation

Company's Response

Allegations / Discrimination / Account Information / Origination / Settlement In the inquiries, you raised concerns regarding allegations of predatory lending, discrimination, account information, origination, and a settlement. We have thoroughly reviewed these matters multiple times and we have sent you several written responses that informed you not only of our findings, but also of our position on these issues. While we regret that you remain dissatisfied, our position remains unchanged. Until you provide us with new information or supporting documentation, or you are able to clarify your request, we are unable to provide a different response than our previous responses. Without new or clarifying information, we consider these matters closed and no further response will be provided. Please refer to our previous responses dated August 22, 2019, September 11, 2019, November 7, 2019, and November 21, 2019, which have been enclosed, without enclosures.

ATTACHMENTS

0016066243-AD999_0053643939.pdf (5 MB)

Feedback requested

STATUS

Feedback requested on 12/20/2019

FEEDBACK DUE

2/18/2020

Provide feedback about the company's response

We welcome your feedback on how the company responded to your complaint. You will have 60 days from when the company responded to share your feedback. The CFPB will share your feedback responses with the company and use the information to help the CFPB's work with consumer complaints.

Closed

The CFPB has closed your complaint.

Privacy Act Statement

OMB #3170-0011

Note on user experience

Have a question? ¿Preguntas?
(855) 411-2372



An official website of the United States Government