

# REPRINT

3/3/2014

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James H. Barnes & Susie M. Barnes  
7025 West Hearn Road  
Peoria, AZ 85381-4727

Rodney K Reuscher  
Legal and Compliance Department  
Chase Home Finance, LLC  
3415 Vision Drive  
Columbus, OH 43219-6009

Dear Mr. Reuscher:

This is a "qualified written request" under Section 6 of the Real Estate Settlement Procedures Act (RESPA).

I initially contacted Mr. Robert Meusel of Chase Home Lending regarding this matter but he indicated that the issues and allegations raised in this letter were outside of his area of responsibilities. Thus I am referring this matter to your office.

I am writing to request that CHASE BANK USA, N.A. launch an immediate investigate into what we believe were serious civil and criminal activities of a former employee of CHASE BANK USA, N.A during the 2004 thru 2006 timeframe. These allegations not only include the individual in question, Mr. Matthew Balin, but also his managers at the JP Morgan Chase branch at which he was employed. In 2004 through 2006 period in question, this branch was located at:

CHASE BANK USA, N.A.  
Chase Home Finance, LLC  
502 Virginia Drive  
Fort Washington, PA 19034

The allegations in question occurred between March 2004 through April 2006, and are as follows:

- Matthew Balin, while employed as a Lending Specialist at the JP Morgan Chase Fort Washington, PA office along with the senior managers and others at this office, were in violation of a variety of state and federal laws including:
  - o Fair Housing Act
  - o State and Federal Predatory Lending laws
  - o Equal Credit Opportunity Act
  - o Home Mortgage Disclosure (HMDA) Act
  - o Truth and Lending Act
  - o Federal Trade Commission Act Section 5 – Unfair Deceptive Acts or Practices
- Additionally, my wife's Civil Rights may have been violated by the Overt Discrimination, Disparate Treatment and/or Disparate Impact implied by Mr. Balin overt omission of marital status, race, and ethnicity on the 2004, and 2005 loan applications. My wife informed Mr. Balin of her desire to include the pertinent information in the race and ethnicity sections of the applications but Mr. Balin obviously had ulterior motives for not including this information.

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- Although I have always been the primary bread-winner of the family, Mr. Balin insisted that only my wife's name and social security number appear on the Uniform Residential Loan Application, even though she had not worked between 1981 and 2003, and was in the process of re-entering the workforce on a part-time basis.
- Mr. Balin did include my name on the settlement documents but it was always proceeded and followed by three asterisks in the form of \*\*\*JAMES H BARNES\*\*\*.
- My social security number did not appear anywhere on either the application or settlement documents. On documents where my social security number was required it was entered as 111-11-1111.
- There is absolutely no question that Mr. Balin's action of only listing my wife as the mortgage holder on the account virtually destroyed any opportunity she had to apply for future credit because the mortgage payments grossly inflated her income to debt ratios.

We have not been able to acquire the HMDA data for this period but the fact that Mr. Balin was able to get two different applications that contained blatantly fraudulent information pass the auditor and underwriters at CHASE BANK USA, N.A indicate that he discovered a flaw in the application review and approval process, and repeatedly exploited it to avoid the scrutiny of the Company's Auditors and Underwriters.. The fact that he voluntarily (or involuntarily) left CHASE BANK USA, N.A at the end of this period is highly suspicious.

The attached Uniform Residential Loan Applications contain some but not all of the fraudulent entries made by Mr. Balin. These loan applications in addition to the Settlement Statements show that Mr. Balin willfully and deceitfully circumvented the checks and balances built into the both federal and state laws 2004, and was able to perpetrate the same thing again in 2005. His fraudulent acts permanently damaged our credit worthiness, and severely limited our ability to do obtain outside financing for our business. In addition to the copies of the aforementioned loan documents, we have a copy of all other documents we receive from Mr. Balin, and other within the Fort Washington, PA office during this two year period.

The fraudulent information entered by Mr. Balin includes, but is not limited to:

1. Not listing my wife's true income as being less than \$1,000 per month (\$610/month from Social Security, and approximately \$400/month from working part-time for two different employers.)
2. Listing a grossly inflated amount for my wife's business incomes from a home-office business in which she was part owner. This occurred on both the 2004 and 2005 applications. (Incomes were listed as \$15,000/month in 2004, and \$12,500/month in 2005, and the J. H. BARNES & ASSOCIATES business in question actually lost money during both 2004 and 2005.)
3. Not listing my wife's marital status as married on 2004 application, he subsequently listed her marital status as married on the 2005 applications but did not include my name or social security number on the application.)
4. Not listing husband's name or social security number on the 2004 or 2005 loan applications. Husband's name was shown on the closing documents with as \*\*\*James H. Barnes\*\*\*, and his social security number was shown as 111-11-1111.
5. The fact that she was listed as the sole mortgage holder, made it virtually impossible for her to obtain credit of any type until the mortgage was paid off.

In addition to this questionable, and frequently fraudulent information, Mr. Balin explicitly asked my wife not to change the race and ethnicity sections of the application. On both the 2004 and 2005

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applications, he had placed a checked in the "I do not wish to furnish this information.", when just the opposite was the case. My wife and I are both African American and we "always" include this information on all applications. We now believe that if this information was included, it would cause the loan to be included in HDMA data, and thus the loan application may have been more scrutinized by JP Morgan Chase, HUD, and others.

We feel that Mr. Balin's actions caused us permanent damage to our financial status and business reputation, and thus we are seeking the following remedies:

- The acknowledgement that the current first mortgage dated March 2005 was granted based upon fraudulent information supplied by Mr. Matthew Balin and is defective, and should either be modified or voided.
- The Acknowledgement that the line of credit loan application completed by Lending specialist Mr. Larry Hipp was based upon the fraudulent information entered by Mr. Balin on the 2004 and 2005 loan applications, and based upon this, the line of credit loan is also defective, and should either be modified or voided.
- Award James H. Barnes and Susie M. Barnes suitable punitive monetary damages for the destruction of their financial credit and business reputation between 2004 and 2013. The assessment of these punitive damages should not just be restricted to Mr. Balin, but others at the Fort Washington branch including Mr. Balin's manager, auditors, and underwriters who were responsible for reviewing and approving this application.

At the times that both the 2004 and the 2005 loans closed, we reviewed the closing documents and signed these document as required, but did not review the Uniform Residential Loan Applications until the years later after we were informed that civil money penalties can be awarded for predatory lending practices. Frankly, we never had a need to review the loan application because we assumed that JP Morgan Chase underwriters reviewed all loans applications before they are approved.

In summary, we realize that asking CHASE BANK USA, N.A to modify (or void) these loans, and pay us punitive damages is an extraordinary, unprecedented request, but the permanent damage done to me and my wife by these actions warrants these actions. We believe that what happened at the Chase Fort Washington, PA branch is not representative of the great name of JP Morgan Chase. It is clear that the managers at this branch suffered a "loss institutional control", and allow Mr. Balin, and others to circumvent the checks and balances inherent in the mortgage lending industry.

Respectfully,

James H. Barnes & Susie M. Barnes

Attachment: Copies of Loan Application and other Pertinent Information