



1700 G Street NW, Washington, DC 20552

September 18, 2020

Suzanne Garwood
Executive Director and Assistant General Counsel
JP Morgan Chase Bank, N.A.
1111 Polaris Parkway
Columbus, OH 43240

Dear Ms. Garwood,

This letter is in response to an application for a No-Action Letter submitted to the Consumer Financial Protection Bureau (Bureau) by JPMorgan Chase Bank, N.A. (Chase), in its capacity as a mortgage lender, under the Bureau's Policy on No-Action Letters (Policy).¹ Chase's application is based on the No-Action Letter Template issued by the Bureau on September 10, 2019, in response to an application from the United States Department of Housing and Urban Development (HUD NAL Template).²

Chase's application describes the mortgage lender's intention to enter into certain arrangements ("Housing Counseling Funding Agreements" or "Agreements") with housing counselors that participate in HUD's Housing Counseling Program (each a "Participating Counseling Agency").³ Initially, as a pilot program, Chase intends to enter into Agreements with Participating Counseling Agencies that are part of the NeighborWorks America (NeighborWorks) network.⁴ Chase has had a strong relationship with NeighborWorks for more than ten years, through which Chase has supported various community-oriented initiatives. Following its initial pilot, Chase intends to expand its relationships with Participating Counseling Agencies beyond NeighborWorks. Per Chase's application, the Agreements will be subject to the conditions specified in the HUD NAL Template, including that: (i) the parties enter into a Memorandum of Understanding ("MOU") reflecting the terms of the Housing Counseling Funding Agreement; and (ii) the MOU is compliant with certain HUD requirements.⁵

¹ 84 FR 48229, 48242 (September 13, 2019).

² Available at: <https://www.consumerfinance.gov/policy-compliance/innovation/granted-applications/>

³ Information about HUD's Office of Housing Counseling is available at:
https://www.hud.gov/program_offices/housing/sfh/hcc

⁴ NeighborWorks is a congressionally chartered, nonpartisan nonprofit with a network of nearly 250 independent, nonprofit organizations. See www.neighborworks.org.

⁵ As stated in Chase's application, these requirements include 24 C.F.R. Part 214, HUD Handbook 7610.1 REV 5, and Section 106 of the HUD Act of 1978 (12 U.S.C. 1701x).

In its application, Chase states that the consumer financial product or service it intends to offer, the anticipated consumer benefits, and the anticipated consumer risks are substantially identical to the consumer financial product or service described in the HUD NAL Template application and incorporates those descriptions by reference. Similarly, Chase states that its explanation of the statutory and/or regulatory provisions under which Chase submits its application and its explanation as to why a No-Action Letter is needed, are also substantially identical to the HUD NAL Template application and also incorporates those explanations by reference.

The Bureau has considered and grants the application and accordingly issues this No-Action Letter pursuant to the Policy.

Unless or until terminated by the Bureau as described below, the Bureau will not make supervisory findings or bring a supervisory or enforcement action against Chase under

- (a) section 8 of the Real Estate Settlement Procedures Act⁶ (RESPA) and section 1024.14 of Regulation X,⁷ or
- (b) its authority to prevent unfair, deceptive, or abusive acts or practices,⁸

for including and adhering to a provision in the Housing Counseling Funding Agreements with Participating Counseling Agencies that conditions Chase payment for the housing counseling services on either loan commitment or loan funding, even if that provision or the parties' adherence thereto could be construed as a referral (as such term is used in RESPA section 8(a) and defined in Regulation X, § 1024.14(f); provided that, the level of payment for the housing counseling services does not exceed a level that is commensurate with the services provided and is reasonable and customary for the area. Chase may reasonably rely upon the preceding Bureau commitment.⁹

This No-Action Letter:

- (a) is limited to Chase, and does not apply to any other persons or entities;
- (b) is limited to Chase's offering or providing the described aspects of the product or service in its application, and does not apply to Chase's offering or providing different aspects of the product or service;
- (c) is based on the factual representations made in Chase's application, which are incorporated

⁶ 12 U.S.C. 2607.

⁷ 12 CFR § 1024.14.

⁸ 12 U.S.C. 5531, 5536. Implicit in the statement under clause (b) is that the Bureau has not determined that the acts or practices in question are unfair, deceptive, or abusive.

⁹ The Bureau maintains the authority to obtain information relating to the consumer financial products and services covered by this No-Action Letter under its applicable supervision, enforcement, and other authorities in the same manner and frequency that it obtains information relating to any consumer financial products or services not subject to a No-Action Letter.

by reference;

- (d) does not purport to express any legal conclusions regarding the meaning or application of the laws and/or regulations within the scope of this No-Action Letter; and
- (e) does not constitute the Bureau's endorsement of the product or service that is the subject of this letter, or any other product or service offered or provided by Chase.

Chase shall apprise the Bureau of any material changes to information included in the application and any material information indicating that the described aspects of the product or service are not performing as anticipated in the application.¹⁰

The Bureau may terminate this No-Action Letter if it determines that it is necessary or appropriate to do so to advance the primary purposes of the No-Action Letter Policy, such as where Chase fails to substantially comply in good faith with the terms and conditions of the No-Action Letter; the described aspects of the product or service do not perform as anticipated in the application; or controlling law changes as a result of a statutory change or a Supreme Court decision that clearly permits or clearly prohibits conduct covered by the letter.¹¹ In the event of such termination, the Bureau will not bring an action to impose retroactive liability with respect to conduct covered by this No-Action Letter, except where a failure to substantially comply in good faith with the terms and conditions of the No-Action Letter caused Dodd-Frank Act actionable substantial injury.¹²

This No-Action Letter and a copy of the Chase application will be published on the Bureau's website.

Sincerely,



Edward Blatnik
Acting Assistant Director, Office of Innovation
Consumer Financial Protection Bureau

¹⁰ "Not performing as anticipated" includes the materialization of consumer risks identified in the application, and the materialization of other consumer risks not identified in the application.

¹¹ If a Circuit Court of Appeals decision clearly prohibits conduct covered by the letter, the Bureau may consider modifying the letter so that it is inoperative within that Circuit.

¹² "Dodd-Frank Act actionable substantial injury" means substantial injury that is not reasonably avoidable by the consumer, where such substantial injury is not outweighed by countervailing benefits to consumers or competition. *See* 12 U.S.C. 5531(c); *see also* 12 U.S.C. 5536(a)(1)(B). Such a retroactive action would be particularly likely where conduct covered by the letter caused Dodd-Frank Act actionable substantial injury without the Bureau's knowledge due to the recipient's failure to substantially comply in good faith with the requirement under section C.4 of the Policy to inform the Bureau of (a) material changes to information included in the application and (b) material information indicating that the described aspects of the product or service are not performing as anticipated in the application.