

## FEDERAL RESERVE BOARD HOEPA PANEL

JUNE 14 – JPMC OPENING REMARKS BY Pablo Sanchez

Good morning, on behalf of JPMorgan Chase, I would like to thank the Board for the opportunity to participate as a panelist on this very important topic. We strongly support the Board's objective to address the concerns that have been raised regarding certain mortgage practices while preserving incentives for responsible lenders to provide mortgages to a wide array of borrowers, particularly subprime borrowers.

At Chase, we are committed to helping our customers achieve and, more importantly, sustain home ownership. Key to our mission is properly evaluating our borrowers' ability and willingness to repay their mortgage with us and I know we will be speaking about that in more detail today.

There are four fundamental principles we have developed to guide our business practices in Home Lending.

- We want our customers to be informed and able to make responsible choices based on their own individual circumstances.
- We want to offer a broad array of mortgage products that address the financial needs and circumstances of our customers and provide good value at a competitive price.
- We want to be there if our customers suffer a life event and need our assistance to remain in their home.
- Finally, we want to provide support to strengthen and sustain the communities in which we live and work

Virtually everything we do is designed to support these guiding principles.

For example, to inform our customers, we have created financial literacy and mortgage specific tools and training. And we have made it available on paper, in videos and on the internet. Currently, we are conducting a four-city tour entitled "Legacy of Home Ownership" where we offer educational seminars designed to educate consumers on various aspects of the home purchasing and financing process. We are also in the process of rolling out a new disclosure we have been testing to answer the most important questions about our loans. We refer to it as our "nutrition label" because we aspire to make it that simple. I don't know that we are there yet, but we're trying.

We want to have products that serve all our customers, including those who may have suffered financial difficulties that affected their credit or those whose property may not qualify as conforming. We see non-conforming properties frequently in our urban markets because many borrowers own mixed-use property. However in each case, we base our underwriting on the borrowers' ability and willingness to repay. And when we review refinance applications from subprime borrowers, we conduct a net benefit analysis as well. We also are currently working with our partners in the Agencies to design new products suitable for borrowers with ARM resets who may have affordability concerns.

We have always worked one-on-one directly with customers, but in 2004, we established our Home Ownership Preservation Office to help our customers in times of financial stress. This office serves as a portal for Non Profit organizations that are assisting our borrowers to find their way to the right place at Chase. The Office runs a dedicated Help line and also trains our non profit partners about the programs available to help their clients avoid mortgage foreclosures. More broadly, the Office works with community leaders and housing advocates in developing foreclosure prevention programs and has worked closely with the Housing Policy Council, NeighborWorks and the Ad Council on the upcoming national foreclosure prevention campaign.

I am here today to listen and learn and provide whatever industry insights I can into the issues that confront all of us and I look forward to a constructive dialogue.