

EXHIBIT “B”
JPMorgan Faulty Documents

AMICUS BRIEF OF MARIE MCDONNELL

U.S. Bank v. Ibanez and Wells Fargo Bank v. LaRace

Bloomberg

JPMorgan Based Foreclosures on Faulty Documents, Lawyers Claim

By Lorraine Woellert and Dakin Campbell - Sep 27, 2010

[JPMorgan Chase & Co.](#) faces a legal challenge next month that could cast doubt on thousands of foreclosures after a mortgage executive at the bank said she didn't verify documents used to justify home seizures.

Lawyers for a Palm Beach County, Florida, homeowner asked a judge to throw out a foreclosure as a penalty for misleading the court, according to attorney Tom Ice of [Ice Legal PA](#). They're citing a May 17 deposition in which the JPMorgan executive said she signed thousands of affidavits and documents supporting the New York-based bank's claims without personally checking loan records. The court is scheduled to hear arguments Oct. 19.

The Chase Home Finance operation supervisor, Beth Ann Cottrell, said in May she was among eight managers who together sign about 18,000 documents a month, according to a [transcript](#) of her sworn deposition provided by Ice. Asked how they were prepared, she said she relied on other people at the firm.

"My review is more or less signing the document unless it's questionable," she said. That means, "somebody has a question and brings it to me and says, 'Beth, can you take a look at this?'"

Inaccurate statements by banks in foreclosure documents may give borrowers who have lost their homes a legal basis to challenge the seizures, derailing resales and casting doubts on property titles. A Florida court sanctioned [Ally Financial Inc.](#)'s [GMAC Mortgage](#) unit for faulty affidavits in 2006, and the firm suspended evictions in 23 states this month after finding employees still signing affidavits without checking the data.

Titles in Doubt

JPMorgan spokesman [Tom Kelly](#) declined requests for comment. Cottrell didn't return phone calls to her office requesting comment. A lawyer representing her at the deposition, Joseph Mancilla of the Florida Default Law Group PL, didn't return calls. Cottrell isn't named as a defendant.

Cottrell signed the affidavit at issue in the case, dated June 2009, while at her previous employer, an outside servicing firm working for JPMorgan, according to court documents. When signing documents there for the JPMorgan unit, she used the title “assistant secretary and vice president” of Chase Home Finance, according to the transcript. She became a JPMorgan employee about three months after signing the affidavit. Document signers sometimes endorse affidavits on behalf of other firms as a way to streamline the foreclosure process, said Dustin Zacks, an attorney at Ice’s firm.

JPMorgan was the third-largest U.S. servicer of home mortgages as of June 30, with \$1.35 trillion or almost 13 percent of the market, according to industry newsletter Inside Mortgage Finance. Ally is the fifth-biggest mortgage servicer, with \$349.1 billion. The other three in the top five are [Bank of America Corp.](#), Wells Fargo & Co., and Citigroup Inc.

Foreclosures Averted

Servicers perform billing and collections on home loans. When borrowers default, the firms handle the foreclosure process. Affidavits lay the legal foundation for a foreclosure by attesting that the borrower is delinquent and that the lender is entitled to seize the home. Details of the JPMorgan case were reported earlier last week by the Financial Times.

Lawyers in Florida and New York, among other states, have halted foreclosures and evictions by showing affidavits were faulty. Attorneys general in Texas, Iowa and Illinois have started investigations into mortgage practices at GMAC Mortgage following last week’s revelations. California has ordered the company to prove its foreclosures are legal or halt them.

If the documents are shown to be false after a home has already been resold by a bank, that casts doubt on who is the rightful owner, said O. Max Gardner III, an attorney at law firm [Gardner & Gardner PLLC](#) in Shelby, North Carolina, who has represented homeowners in fighting foreclosures and has cases pending against JPMorgan.

Title Insurers

“I’m sure a lot of title insurance companies are concerned about the potential liability right now,” as borrowers challenge how banks made statements, he said. “The judges could absolutely hold the bank and attorneys in contempt.”

U.S. home seizures reached a record for the third time in five months in August as lenders completed the foreclosure process for thousands of delinquent owners, according to RealtyTrac Inc.

Ice, the founding partner of his foreclosure-defense law firm in Royal Palm Beach, Florida, said some lenders are accepting voluntary dismissal of their cases.

During the deposition, Cottrell said a staff of in-house specialists scrutinize loan documents and prepare affidavits, the transcript shows. If they have difficulties or questions, they come to her. She signs in a notary's presence, she said.

'No Knowledge'

During questioning by Ice [lawyer](#) Zacks, Cottrell said she had worked at Chase Home Finance for about eight months, according to the transcript.

"As to everything in the affidavit, did you have personal knowledge?" Zacks asked.

"My own personal knowledge, no," Cottrell answered.

"You stated 'That plaintiff is entitled to enforce the note and mortgage,'" Zacks said. "Again, did you have personal knowledge of that?"

"No knowledge," she answered.

Florida Attorney General [William McCollum](#) is [investigating](#) three law firms that represent loan servicers in foreclosures, and are alleged to have submitted fraudulent documents to the courts, according to an Aug. 10 statement. The firms handled about 80 percent of foreclosure cases in the state, according to a letter from U.S. Representative [Alan Grayson](#), a Florida Democrat.

Judges overseeing foreclosures in the wake of the housing crisis are growing skeptical of banks, said [Christopher L. Peterson](#), a professor at the University of Utah's [S.J. Quinney College of Law](#). A surge in proceedings has helped expose a variety of paperwork lapses, he said in an interview.

"Early in the process the judges were very cavalier and they just took the financiers' word," Peterson said. "Now there are enough disputes out there about ownership of loans that the judges are starting to feel like they need to hold the financial institutions to the basic rules of evidence."

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