UNITED STATES OF AMERICA
CONSUMER FINANCIAL PROTECTION BUREAU

ADMINISTRATIVE PROCEEDING
File No. 2014-CFPB-0014

In the Matter of:

FLAGSTAR BANK, F.S.B.

CONSENT ORDER

The Consumer Financial Protection Bureau (Bureau) has reviewed the default servicing practices of Flagstar Bank, F.S.B. (Respondent, as defined below) and has identified the following law violations. First, Respondent has committed unfair acts or practices by impeding borrowers' access to loss mitigation. Respondent failed to review loss mitigation applications in a reasonable amount of time; withheld information that borrowers needed to complete their loss mitigation applications; improperly denied borrower requests for loan modifications; and improperly prolonged trial periods for loan modifications. Second, Respondent has violated the loss mitigation provisions of the 2013 RESPA Mortgage Servicing Final Rule, 12 C.F.R. pt. 1024 subpt. c (the Mortgage Servicing Rule). Third, Respondent has committed deceptive acts or practices by misrepresenting borrowers' right to appeal the denial of a loan modification. Under sections 1053 and 1055 of the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5563, 5565, the Bureau issues this Consent Order (Consent Order).

I
Overview

1. Respondent is a mortgage servicer responsible for administering loss mitigation programs to delinquent borrowers on behalf of the owners or guarantors of the borrowers' loans. Between 2011 and 2013, Respondent serviced loans for over 40,000 delinquent borrowers.

2. Respondent has impeded borrowers' access to loss mitigation at every stage of the process: Respondent failed to review loss mitigation applications in a reasonable amount of time; withheld critical information that borrowers needed to complete their loss mitigation applications; improperly denied loan modifications to qualified borrowers; and prolonged trial periods for loan modifications.

3. Respondent's practices harmed borrowers. Respondent deprived borrowers of the ability to make an informed choice about how to save or dispose of their home. Respondent improperly closed loss mitigation applications, improperly denied loan modifications to eligible borrowers, and charged borrowers excessive capitalized interest and fees.

4. In 2014, Respondent's unlawful default servicing practices continued. Respondent violated the loss mitigation provisions of the Mortgage Servicing Rule and engaged in deceptive conduct by misrepresenting borrowers' right to appeal the denial of a loan modification under the Mortgage Servicing Rule.

II
Jurisdiction

5. The Bureau has jurisdiction over this matter under Sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565.

III
Stipulation

6. Respondent has executed a "Stipulation and Consent to the Issuance of a Consent Order," dated September 29, 2014 (Stipulation), which is incorporated by reference and is accepted by the Bureau. By this Stipulation, Respondent has consented to the issuance and enforcement of this Consent Order by the Bureau under Sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563 and 5565, without admitting or denying any of the findings of fact or conclusions of law, except that Respondent admits the facts necessary to establish the Bureau's jurisdiction over Respondent and the subject matter of this action.

IV
Definitions

7. The following definitions apply to this Consent Order:

   a. "Affected Consumers" are the approximately 6,500 borrowers who had first-lien residential loans serviced by Respondent between 2011 and 2013 and were subject to the conduct described in Section V.

   b. "Foreclosed Consumers" are the approximately 2,000 Affected Consumers who were foreclosed upon or completed a deed-in-lieu of foreclosure as of September 4, 2014.

   c. "Board" means Respondent's duly-elected and acting Board of Directors.

   d. "Effective Date" means the date on which the Consent Order is issued.

e. "Enforcement Director" means the Assistant Director of the Office of Enforcement for the Consumer Financial Protection Bureau, or his/her delegee.

f. "Performing Loan Pool" means a pool of residential mortgage loans in which no more than 5 percent of the loans in the pool are in default at the time of acquisition.

g. "Related Consumer Action" means a private action by or on behalf of one or more consumers or an enforcement action by another governmental agency brought against Respondent based on substantially the same facts as described in Section V of this Consent Order.

h. "Relevant Period" includes the period from January 1, 2011 to September 30, 2014.

i. "Respondent" means Flagstar Bank, F.S.B. and its successors and assigns.

j. "Third Party Originated Loan" means a loan that Respondent did not originate itself or acquire from a correspondent lender or broker.

V
Bureau Findings and Conclusions

The Bureau finds the following:

8. Respondent is a federal savings bank headquartered in Troy, Michigan. Respondent originates mortgage loans, services mortgage loans, and provides deposits and other fee-based services to consumers and businesses. As of September 30, 2013, Respondent had $11,807,815,000 in total assets.

9. Respondent is an insured depository institution with assets greater than $10,000,000,000 within the meaning of 12 U.S.C. § 5515(a).

10. Respondent is a "covered person" as that term is defined by 12 U.S.C. § 5481(6).

11. Since at least 2011, Respondent has operated a mortgage servicing business. As a mortgage servicer, Respondent is responsible for the day-to-day management of mortgage loans. Respondent collects cash from borrowers for principal, interest and escrow payments; accounts for and remits principal and interest payments to the owners of the loans; disburses funds from escrow accounts; and pursues collection, loss mitigation, and foreclosure activities with respect to delinquent borrowers.

12. Respondent performs these functions primarily for loans it does not own. The vast majority of the loans in Respondent's first-lien servicing portfolio are owned or guaranteed by "investors." The investor is the entity that holds the risk of the loan defaulting; it may also, but does not necessarily, own the loan.

13. Investors play a critical role in Respondent's servicing operations. As the default risk holder, the investor establishes the terms and conditions by which Respondent is required to service the loans the investor owns or guarantees. These guidelines include comprehensive rules for the servicing of loans that become delinquent.

14. Beginning in 2007, the United States experienced an unprecedented collapse in the housing market. Mortgage loan delinquency rates for first-lien mortgage loans nearly doubled between 2007 and 2009. As of December 2010, an estimated 4.63 percent of outstanding first-lien mortgages nationwide were in some stage of foreclosure—an increase of over 370 percent since the first quarter of 2006, when just 1 percent of mortgages were in foreclosure.

15. Investors responded to the foreclosure crisis by developing loss mitigation programs. The goal of loss mitigation is to minimize the losses to both borrowers and investors by providing borrowers alternatives to foreclosure. By 2011, all major investors offered borrowers loss mitigation programs, including a loan modification, short sale, and deed-in-lieu of foreclosure. Of these, only a loan modification allows the borrower to retain ownership of the home.
16. Respondent is responsible for administering loss mitigation programs on its investors' behalf in accordance with rules established by the investor. Respondent's duties include soliciting borrowers for loss mitigation programs; collecting loss mitigation applications; decisioning (i.e., underwriting) complete loss mitigation applications to determine if a borrower is qualified for a loss mitigation program; and executing the loss mitigation program for qualified borrowers.
17. On or about September 2013, Respondent engaged a service provider to service loans in default. The service provider performs servicing for defaulted loans on Respondent's behalf and subject to Respondent's control. Respondent retains ownership of the right to perform servicing or sub-servicing on defaulted loans. Respondent also retains responsibility for servicing defaulted loans.

Findings and Conclusions as to Respondent's Failure to Review Loss Mitigation Applications in a Reasonable Amount of Time

18. From at least 2011 until September 2013, when Respondent engaged a service provider to service its defaulted loans, Respondent failed to review loss mitigation applications in a reasonable amount of time.

19. Borrowers apply for the loss mitigation programs offered by the owners or guarantors of their loans through their mortgage servicer. As the administrator of investors' loss mitigation programs, Respondent is responsible for: (1) reviewing documents submitted by borrowers to determine if their loss mitigation applications are complete, and (2) reviewing complete loss mitigation applications to determine if borrowers qualify for a loss mitigation program.

20. Respondent, like many servicers, experienced a dramatic increase in the volume of loss mitigation applications in connection with the foreclosure crisis. Respondent was not equipped to handle the influx. Respondent had insufficient staff, no written policies, no quality assurance function, and inadequate servicing systems. One former employee described Respondent's loss mitigation process as "literally me in a cubicle with my giant file drawer just pulling [applications] out one at a time." It took loss mitigation staff as long as nine months to review a single application during this time. As one former employee recalled: "At one point, I remember having almost 400 files in my drawer, because I didn't have any room, and they were no longer in drawers, and they were on the window ledge behind me."

21. By 2011, Respondent had 13,000 active loss mitigation applications versus 25 full-time employees in the loss mitigation department and a third-party vendor in India reviewing applications. At one point in 2011, the average call wait time in the loss mitigation call center was 25 minutes; the average call abandonment rate was almost 50 percent. Respondent's backlog of loss mitigation applications numbered well over a thousand.

22. In September 2011, a government-sponsored entity (GSE) notified Respondent that its servicing rights on loans owned or guaranteed by the GSE could be terminated. In a letter to Respondent dated September 12, 2011, the GSE stated:

> [We] ha[ve] been working with Flagstar since December 2009 to identify and resolve a significant backlog of loss mitigation cases, delay in foreclosure referrals, failure to meet foreclosure timelines, and other servicing violations. Flagstar's lack of trained personnel, frequent management changes, and significant system limitations have contributed to its overall ranking as one of [our] lowest performing servicers within its peer group.
>
> Over time, Flagstar has been presented with retention, loss mitigation, and liquidation goals as well as a formal Servicing Directive designed to remedy the backlogs, time delays, and other servicing issues. Notwithstanding, Flagstar has continually failed to meet the established goals, fully comply with any action plans, or improve its standing as a [GSE] servicer.

The GSE concluded that Respondent had "fail[ed] to properly or timely perform its loss mitigation and liquidation duties and obligations" and that "borrowers have been harmed due to [Respondent's] unnecessary delays in offering and processing foreclosure prevention alternatives."

23. In response to pressure from the GSE, Respondent restructured the loss mitigation department and hired additional staff in late 2011. Despite these changes, the loss mitigation department remained under-resourced. By December 2012, the department had over 100 open positions. Respondent often replaced experienced staff with agency temp employees. Former managers testified that staff quit because Respondent paid under market rates. They also testified that senior management repeatedly rejected their requests to increase staff salaries.

24. This combination of the foreclosure crisis and years of inadequate resources resulted in Respondent taking an unreasonable amount of time to review loss mitigation applications. Respondent failed to comply with industry guidelines for the timely review and decisioning of loss mitigation applications. For instance, Respondent's internal reports and data show that Respondent routinely took more than 90 days to decision complete loss mitigation applications. Guidelines from GSEs require servicers to decision complete loss mitigation applications in 30 days.

25. Respondent failed to review loss mitigation application documents before they expired under investor guidelines. Of the approximately 15,000 borrowers who applied for loss mitigation between 2011 and 2013, Respondent closed more than 8,000 applications for missing, incomplete or outdated documents.

26. Respondent failed to make a decision on loss mitigation applications prior to referring borrowers to foreclosure. On average, borrowers were over 250 days delinquent by the time they knew if they qualified for loss mitigation. In general, borrowers are referred to foreclosure by day 120 of delinquency.

27. Respondent's acts and practices have caused the improper closure of loss mitigation applications. To move the backlog, Respondent sometimes closed applications due to expired documents, even though the documents had expired due to Respondent's delay. More typically, Respondent required borrowers to resubmit updated documents. If borrowers failed to do so, Respondent closed their applications. A former manager described Respondent's process as follows:

> [Staff] would come in on Saturdays and they would go through the files, and if it was missing a document, they'd close the file out and send the borrower a denial letter. And

> that would generate a call into the inbound call group where the mortgagors are literally screaming at them because you closed the file when the borrower has sent everything in, but we closed it because it was stale dated because it took them too long to get to the file[.]

28. Respondent's acts and practices have also caused borrowers to drop out from the loss mitigation process. A former manager testified that when borrowers get to an advanced stage of delinquency, "you can feel that they've given up. There's no hope left." Another former manager recalled borrowers telling him that, "you know what, my home can just go to foreclosure. I'm not faxing any documentation anymore."

29. While borrowers wait for a loss mitigation decision, the foreclosure process continues to run. Some borrowers are simply unable to wait for a loss mitigation decision as foreclosure nears. These borrowers are likely to choose a less desirable option to save their home, such as bankruptcy, or to focus their resources on preparing for the foreclosure. In addition, some loss mitigation options that may have been available earlier in the process, such as listing the home in a short sale, are not viable as foreclosure nears.

30. The failure to review loss mitigation applications in a reasonable amount of time harms borrowers. Respondent rejected borrowers' loss mitigation applications for reasons outside of their control, requiring borrowers to spend time and money to reapply, or forego a loss mitigation evaluation. Respondent deprived borrowers—whether eligible for loss mitigation or not—of their ability to make an informed choice about how to retain or dispose of their home. In some cases, Respondent caused borrowers' unpaid principal balance to be so high that they either failed to qualify for a loan modification or owed more under the modified

note. For borrowers eligible for a loan modification at the time of application, Respondent caused unnecessary foreclosures, or forced borrowers to select a less desirable option to mitigate the delinquency, such as bankruptcy or short sale.

31. Section 1036(a)(1)(B) of the CFPA prohibits “unfair, deceptive, or abusive” acts or practices. 12 U.S.C. § 5536(a)(1)(B). An act or practice is unfair if it causes or is likely to cause consumers substantial injury that is not reasonably avoidable and if the substantial injury is not outweighed by countervailing benefits to consumers or to competition.

32. Respondent’s acts and practice of failing to review loss mitigation applications in a reasonable amount of time caused substantial injury to consumers that was not reasonably avoidable or outweighed by any countervailing benefit to consumers or to competition.

33. Thus, Respondent engaged in unfair acts and practices in violation of sections 1036(a)(1)(B) and 1031(c)(1) of the CFPA. 12 U.S.C. §§ 5536(a)(1)(B) and 5531(c)(l).

Findings and Conclusions as to Respondent Withholding Information That Borrowers Needed to Complete Their Loss Mitigation Applications

34. For at least a nine month period in 2012-2013, Respondent withheld critical information that borrowers needed to complete their loss mitigation applications.

35. Borrowers almost never submit a complete loss mitigation application on their first try. As the administrator of investors’ loss mitigation programs, Respondent is responsible for (1) reviewing borrowers’ initial submissions to

determine what documents are missing from the loss mitigation application, and (2) sending borrowers a missing document letter. The missing document letter is the only written notice Respondent provided to borrowers describing the documents borrowers must submit to complete their loss mitigation application. If a borrower failed to respond to the missing document letter with all required items by the date designated in the letter, Respondent closed the borrower's application as incomplete.

36. Respondent failed to send, or delayed sending, missing document letters to borrowers. Due to an incompatibility between Respondent's loss mitigation workflow system and its print vendor, Respondent received, on a weekly basis, bins full of missing document letters that were intended for borrowers, but were never sent by the print vendor.

37. Respondent failed to resolve this underlying system problem. As a result, until Respondent engaged a service provider to subservice its defaulted loans in September 2013, Respondent received hundreds of unsent missing document letters per week.

38. Upon receiving the unsent missing document letters, Respondent's staff would manually stuff envelopes and send the missing document letters—late—to borrowers. Despite the efforts of staff, at least some borrowers never received their missing document letter. For those who did, Respondent did not account for its delay in sending the letters by providing borrowers additional time to complete their applications.

39. Respondent's acts and practices have caused the improper closure of loss mitigation applications. Borrowers who did not receive a missing document

letter and were not otherwise informed about the missing documents, or received the missing document letter late, did not have a reasonable opportunity to complete their loss mitigation applications. Respondent closed incomplete applications.

40. Withholding information that borrowers need to complete their loss mitigation applications harms borrowers. Respondent rejected borrowers' loss mitigation applications for reasons outside of their control, requiring borrowers to spend time and money to reapply, or forego a loss mitigation evaluation. Respondent deprived borrowers—whether eligible for loss mitigation or not—of their ability to make an informed choice about how to retain or dispose of their home. For borrowers eligible for a loan modification at the time of application, Respondent caused unnecessary foreclosures, or forced borrowers to select a less desirable option to mitigate the delinquency, such as bankruptcy or short sale.

41. Section 1036(a)(1)(B) of the CFPA prohibits "unfair, deceptive, or abusive" acts or practices. 12 U.S.C. § 5536(a)(1)(B). An act or practice is unfair if it causes or is likely to cause consumers substantial injury that is not reasonably avoidable and if the substantial injury is not outweighed by countervailing benefits to consumers or to competition.

42. Respondent's acts and practice of withholding information that borrowers needed to complete their loss mitigation applications caused substantial injury to consumers that was not reasonably avoidable or outweighed by any countervailing benefit to consumers or to competition.

43. Thus, Respondent engaged in unfair acts and practices in violation of sections 1036(a)(1)(B) and 1031(c)(1) of the CFPA. 12 U.S.C. §§ 5536(a)(1)(B) and 5531(c)(l).

Findings and Conclusions as to Respondent's Improper Denial of Borrower Requests for Loan Modifications

44. Respondent denied loan modifications to qualified borrowers by regularly and frequently miscalculating borrower income.

45. Eligibility for some loss mitigation programs, such as a loan modification, is highly sensitive to the calculation of borrower income. If borrowers have too much income, they do not qualify for a loan modification. If borrowers have too little income, they do not qualify for a loan modification. As the administrator of investors' loss mitigation programs, Respondent is responsible for (1) accurately calculating borrower income and (2) decisioning borrowers' requests for loan modifications based on that calculation.

46. Respondent lacked a systemized, controlled process for calculating borrower income. Prior to 2012, income calculation was performed manually by underwriters. Respondent's escalations group, charged with investigating borrower complaints, regularly found that underwriters "fat fingered" a number and disqualified an eligible borrower from a loan modification.

47. Respondent's internal audit group, third-party auditor, and the GSEs all repeatedly cited the bank for failing to accurately calculate borrower income. Former employees attributed the errors to lack of a consistent income calculation process, an inaccurate income calculator, and insufficient training or

proficiency of underwriters. These errors persisted at least until Respondent subserviced delinquent loans in September 2013.

48. Improperly denying borrower requests for loan modifications harms borrowers. Respondent deprived these borrowers of their ability to make an informed choice about how to retain or dispose of their home. These borrowers also suffered unnecessary foreclosures, or were forced to select a less desirable option to mitigate the delinquency, such as bankruptcy or short sale.

49. Section 1036(a)(1)(B) of the CFPA prohibits "unfair, deceptive, or abusive" acts or practices. 12 U.S.C. § 5536(a)(1)(B). An act or practice is unfair if it causes or is likely to cause consumers substantial injury that is not reasonably avoidable and if the substantial injury is not outweighed by countervailing benefits to consumers or to competition.

50. Respondent's acts and practice of improperly denying borrower requests for loan modifications caused substantial injury to consumers that was not reasonably avoidable or outweighed by any countervailing benefit to consumers or to competition.

51. Thus, Respondent engaged in unfair acts and practices in violation of sections 1036(a)(1)(B) and 1031(c)(1) of the CFPA. 12 U.S.C. §§ 5536(a)(1)(B) and 5531(c)(l).

Findings and Conclusions as to Respondent's Improper Prolonging of Trial Periods for Loan Modifications

52. Respondent improperly prolonged borrowers' trial period plans for loan modifications.

53. Before qualified borrowers obtain a loan modification, they must complete a trial period plan. Under a trial period plan, delinquent borrowers typically make reduced monthly mortgage payments for three consecutive months. If borrowers make all their trial payments on time and meet other investor requirements, the investor will permanently modify their note. For loans owned or guaranteed by the GSEs, for example, delinquent borrowers who meet the requirements described above are entitled to a permanent loan modification approximately 120 days from the first trial payment.

54. As the administrator of investors' loss mitigation programs, Respondent is responsible for executing permanent loan modifications for qualified borrowers within the time period prescribed by investors.

55. Respondent prolonged trial period plans beyond the timeframe permitted by investors for a substantial number of borrowers. For example, the majority of trial period plans entered between October 2011 and June 2013 lasted more than 120 days, and a substantial number of trial period plans lasted more than 150 days.

56. Prolonging the trial period plan beyond the timeframe permitted by the investor harms borrowers. The GSEs are empowered to cancel trial period plans that are not converted to a permanent modification within a certain period of time. Once cancelled, the borrower may no longer be eligible for conversion to a permanent modification. For borrowers who ultimately obtained a permanent loan modification, Respondent's delay increased the borrower's loan amount under the modified note and resulted in continued and unnecessary delinquency reporting to credit reporting agencies. For borrowers who defaulted after

completion of the trial period plan but before execution of the permanent modification, Respondent's delay denied borrowers the protection of a permanently modified note. These borrowers had less time before foreclosure referral and fewer options to cure their delinquency than they would have had if Respondent had timely executed the permanent loan modification.

57. Section 1036(a)(1)(B) of the CFPA prohibits "unfair, deceptive, or abusive" acts or practices. 12 U.S.C. § 5536(a)(1)(B). An act or practice is unfair if it causes or is likely to cause consumers substantial injury that is not reasonably avoidable and if the substantial injury is not outweighed by countervailing benefits to consumers or to competition.

58. Respondent's acts and practice of improperly prolonging trial periods for loan modifications caused substantial injury to consumers that was not reasonably avoidable or outweighed by any countervailing benefit to consumers or to competition.

59. Thus, Respondent engaged in unfair acts and practices in violation of sections 1036(a)(1)(B) and 1031(c)(1) of the CFPA. 12 U.S.C. §§ 5536(a)(1)(B) and 5531(c)(l).

Findings and Conclusions as to Respondent's Violations of the Mortgage Servicing Rule

60. The Mortgage Servicing Rule became effective on January 10, 2014. The rule addresses widespread problems with servicers' administration of loss mitigation programs and seeks to prevent borrower harm. Respondent is a servicer subject to the Mortgage Servicing Rule.

Deficient Acknowledgment of Initial Applications

61. Section 1024.41(b) of the Mortgage Servicing Rule requires Respondent to acknowledge receipt of any loss mitigation application received 45 days or more before a foreclosure sale by providing a written notice, referred to as the "acknowledgement notice," to borrowers within 5 business days of receipt of the loss mitigation application. 12 C.F.R. § 1024.41(b)(2)(i)(B).

62. The acknowledgement notice must state that: (A) Respondent acknowledges receipt, (B) whether the application is complete or incomplete, (C) if the application is incomplete, the additional documents and information that the borrower must submit, and the date by which those documents must be submitted, and (D) that the borrower should consider contacting servicers of any other mortgage loans secured by the same property to discuss available loss mitigation options. 12 C.F.R. § 1024.41(b)(2)(i)(B).

63. Respondent has failed to comply with Section 1024.41(b) for loss mitigation applications received 45 days or more before a foreclosure sale by failing to notify borrowers, in writing, of all information required by Section 1024.41(b)(2)(i)(B) within 5 business days of receiving their loss mitigation application. For example, Respondent failed to notify borrowers within 5 days of receiving their application whether their application was complete and what documents were missing.

Deficient Evaluation of Complete Applications

64. Sections 1024.41(c) and (d) of the Mortgage Servicing Rule require Respondent to: (1) decision complete loss mitigation applications received more than 37 days before a foreclosure sale within 30 days of receipt, 12 C.F.R. § 1024.41(c)(1); (2)

provide written notice, referred to as the "evaluation notice," to borrowers within 30 days of receiving the complete loss mitigation application stating Respondent's determination of which loss mitigation options, if any, it will offer to the borrower, 12 C.F.R. § 1024.41(c)(1)(ii); and (3) if the application is denied for any loan modification option, state the specific reason or reasons for the denial of the loan modification option, 12 C.F.R. § 1024.41(d).

65. Respondent has failed to comply with Section 1024.41(c) for complete loss mitigation applications received more than 37 days before a foreclosure sale by: (1) failing to decision complete loss mitigation applications within 30 days of receipt; (2) failing to notify borrowers, in writing, of Respondent's determination of which loss mitigation options, if any, it will offer to borrowers within 30 days of receiving their complete loss mitigation applications; and (3) failing to provide the specific reason or reasons for the denial of each loan modification option.

66. For example, Respondent took 90 days to decision one complete application and more than 60 days to decision two others. Respondent also failed to provide written evaluation notices to borrowers at all. Finally, Respondent's evaluation notices did not provide borrowers with the specific reason for the denial of a loan modification option. Respondent historically used "Does not fulfill investor requirements/guidelines" as the only denial reason provided to borrowers applying for a loan modification, even though Respondent's servicing system notes indicated a different, and more specific reason for the denial, including that the property was not owner occupied, or the borrower's income was too low to qualify. Respondent's template evaluation notices currently allow loss

mitigation staff to choose the following denial reason for borrowers denied a loan modification option: the borrower was "not approved for loss mitigation options by the investor/owner of the loan."

Failure to Notify Borrowers of Their Right to Appeal

67. Section 1024.41(c) of the Mortgage Servicing Rule requires Respondent to notify borrowers eligible for appeal under Section 1024.41(h) of their appeal right in the evaluation notice. 12 C.F.R. § 1024.41(c)(1)(ii). Respondent is required to include the following information in the evaluation notice: (1) the borrower has the right to appeal the denial of any loan modification option; (2) the amount of time the borrower has to file such an appeal; and (3) the requirements for making an appeal. 12 C.F.R. § 1024.41(c)(1)(ii).

68. Respondent has failed to comply with Section 1024.41(c) by failing to notify eligible borrowers that they had the right to appeal the denial of any loan modification option. From January 10, 2014 to at least June 2014, the evaluation notices Respondent sent to borrowers stated:

> In certain states, you can appeal Respondent's decision. If applicable, there will be an enclosed Appeal Form that you can fax to (888)442-4280 or email to LossMitAppeals@Respondent.com within 17 days from the receipt of this letter.

69. In addition to incorrectly stating that borrowers have the right to appeal the denial of a loan modification option only if they reside in certain states, Respondent also regularly failed to provide the Appeal Form to borrowers.

Failure to Maintain Reasonable Policies and Procedures

70. The Mortgage Servicing Rule requires Respondent to maintain policies and procedures reasonably designed to ensure the bank can (1) provide accurate and

timely disclosures to borrowers, and (2) comply with the acknowledgement notice requirements set forth in Section 1024.41(b)(2)(i)(B) of the rule. 12 C.F.R. §§ 1024.38(a), (b)(1)(i), (b)(2)(iv).

71. Respondent has not maintained policies and procedures reasonably designed to ensure the bank can provide accurate and timely disclosures to borrowers. Until June 2014, Respondent used a template evaluation notice that did not properly disclose borrowers' right to appeal the denial of any loan modification program. In addition, the template evaluation notice allowed servicing employees to choose a non-specific denial reason that does not comply with the Mortgage Servicing Rule.

72. Respondent has not maintained policies and procedures reasonably designed to ensure the bank can provide timely and accurate acknowledgement notices. Among other things, Respondent used two notices to satisfy the acknowledgement notice requirement instead of one. The first notice, which Respondent sometimes but not always sent within 5 business days, informed borrowers that the bank had received the application, and that the bank would review the application for completeness. This notice did not notify the borrower whether the application is complete or incomplete, or what documents were needed to complete the application and by what date. The second notice, often sent weeks after the first, included the additional required information.

73. In addition, Respondent's procedure manual provided vague and contradictory guidance regarding the content and timing of the acknowledgement notice. In some places, the manual stated that the acknowledgement notice must be sent

within five business days of receiving the application, and in other places, within five business days of reviewing the application.

* * *

74. Defendant's acts or practices as described in paragraphs 61-73 violate the Mortgage Servicing Rule.

75. The Mortgage Servicing Rule is a Federal consumer financial law. 12 U.S.C. §§ 5481(14). It is unlawful for any covered person "to offer or provide to a consumer any financial product or service not in conformity with Federal consumer financial law, or otherwise commit any act or omission in violation of a Federal consumer financial law." 12 U.S.C 5536(a)(1)(A). Therefore, Defendant's acts or practices as described in paragraphs 61-73 also violate the CFPA. *Id.*

Findings and Conclusions as to Respondent's Misrepresentation of Borrowers' Right to Appeal the Denial of a Loan Modification

76. From January 10, 2014 until at least June 1, 2014, Respondent sent evaluation notices to borrowers that stated that borrowers have an appeal right only if they reside in certain states.

77. But borrowers eligible for appeal under Section 1024.41(h) of the Mortgage Servicing Rule have the right to appeal the denial of a loan modification option in all states.

78. Respondent also stated that, "if applicable," borrowers eligible for appeal under Section 1024.41(h) of the Mortgage Servicing Rule would receive an appeal form with the evaluation notice.

79. But Respondent regularly failed to include appeal forms with the evaluation notices it sent to eligible borrowers.

80. Section 1036(a)(1)(B) of the CFPA prohibits "unfair, deceptive, or abusive" acts or practices. 12 U.S.C. § 5536(a)(1)(B).

81. As described in paragraphs 76-79, in connection with the servicing of delinquent residential mortgage loans, in numerous instances, Respondent has represented, expressly or impliedly, that only borrowers who reside in certain states are permitted to appeal the denial of a loan modification option.

82. In truth and in fact, pursuant to 12 C.F.R. § 1024.41, borrowers in all states have the right to appeal the denial of a loan modification option. Thus, Respondent's representations, as described in paragraphs 76-79 constitute deceptive acts or practices in violation of sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

ORDER

VI

Conduct Provisions

IT IS ORDERED, under Sections 1053 and 1055 of the CFPA, that:

A.

Prohibition on Violations of Federal Consumer Financial Law

83. Respondent and its officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, is permanently restrained and enjoined from violating the loss mitigation provisions of the Mortgage Servicing Rule, 12 C.F.R. §§ 1024.38-1024.41, and engaging in unfair, deceptive and abusive acts or practices in violation of

Sections 1031 and 1036 of the CFPA, 12 U.S.C. §§ 5531 and 5536, in connection with loss mitigation, including without limitation the following:

a. Failing to review, acknowledge, and evaluate loss mitigation applications in accordance with 12 C.F.R. § 1024.41;
b. Failing to provide borrowers timely and accurate information about their loss mitigation applications in accordance with 12 C.F.R. § 1024.41;
c. Failing to exercise reasonable diligence in obtaining documents and information to complete a loss mitigation application in accordance with 12 C.F.R. § 1024.41;
d. Failing to disclose borrowers' right to appeal the denial of a loan modification in accordance with 12 C.F.R. § 1024.41;
e. Misrepresenting, expressly or by implication, a borrower's right to appeal the denial of a loan modification under the Mortgage Servicing Rule;
f. Improperly denying loss mitigation applications; and
g. Improperly prolonging the trial period for loan modifications.

B.

Prohibition on Acquiring the Right to Service Defaulted Loans

84. Respondent shall not acquire the right to service or sub-service any Third Party Originated Loan that is in default.

85. If a Third Party Originated Loan defaults after Respondent's acquisition of the right to service or sub-service such loan, Respondent must assign all component default servicing activities to a service provider within 10 days of the borrower's default.

86. Nothing in paragraph 84 shall be interpreted to prohibit Respondent from acquiring a Performing Loan Pool.

87. The prohibitions contained in paragraphs 84 and 85 shall terminate upon Respondent's implementation of the Compliance Plan referred to in Section VII, paragraph 97. The Compliance Plan is considered implemented in accordance with the process set forth in Section VII, subsection C.

88. For purposes of this subsection:

a. A loan is considered in default if (i) the borrower is 60 days or more delinquent; (ii) the borrower has applied for any loss mitigation option and the loss mitigation process is not completed; or (iii) the borrower has an active bankruptcy proceeding.

b. Default servicing activities refers to activities relating to servicing loans in default, such as obtaining delinquent payments from borrowers, loss mitigation, foreclosure, and liquidation.

C.
Home Preservation Plan

89. For any Affected Consumer who (a) is delinquent or in foreclosure as of September 4, 2014 and (b) is more than 37 days before a foreclosure sale as of the Effective Date or no foreclosure sale is scheduled ("Delinquent Consumer"), Respondent must:

a. Perform the review described in paragraphs 90 and 91; and

b. If a foreclosure trial, judgment or sale is scheduled, based upon the circumstances of the foreclosure and the applicable state law, petition the

court, or take other reasonable measures, to delay the foreclosure trial, judgment, or sale.

90. *Independent Review of Complete Loss Mitigation Applications.*

a. For any Delinquent Consumer who (i) submitted a complete loss mitigation application, (ii) had their complete loss mitigation application evaluated within 30 days of Respondent's receipt of the complete package, and (iii) was denied a loss mitigation option, Respondent must independently review the Delinquent Consumer's file to determine whether the Delinquent Consumer was offered all loss mitigation options for which he or she was qualified.

b. If Respondent determines, based on its independent review, that the Delinquent Consumer was not offered all loss mitigation options for which he or she was qualified, Respondent must offer the Delinquent Consumer all loss mitigation options for which he or she was qualified.

c. The independent review may be performed by Respondent or its service provider so long as the individuals performing the independent review are not the same individuals who denied the Delinquent Consumer's loss mitigation application previously.

91. *Solicitation and Fast-Track Evaluation of Loss Mitigation Applications.*

a. For all other Delinquent Consumers, Respondent must take reasonable efforts to:

i. Obtain complete loss mitigation applications by engaging in borrower outreach, including:

(1) Telephone and mail outreach to contact Delinquent Consumers and collect documents;

(2) Door-knocking campaign to collect documents from Delinquent Consumers who have not responded to other means of communication; and

(3) Translation services when requested by a Delinquent Consumer or if Respondent has reason to believe that the Delinquent Consumer is not proficient in English.

ii. Promptly evaluate Delinquent Consumers for all available loss mitigation options, including by:

(1) Providing a dedicated team of underwriters;

(2) Reviewing complete loss mitigation applications within 20 days of receipt; and

(3) Clearly identifying of the terms of the loss mitigation offer (such as interest rate, amortization term, balloon payments) and specifically itemizing any interest, fees or charges capitalized into a new balance.

92. Respondent may resume foreclosure activities for Delinquent Consumers under any of the following conditions:

a. Despite Respondent's reasonable efforts, including taking all steps described in paragraph 91(a),the Delinquent Consumer (i) has not responded to Respondent's outreach effort within 30 days of Respondent's most recent attempt to contact the borrower or (ii) does not execute a loss mitigation offer prior to or at the expiration of the offer;

b. The Delinquent Consumer states in writing that he or she does not want to be considered for a loss mitigation option; or

c. Respondent has evaluated the Delinquent Consumer's complete loss mitigation application for all available loss mitigation options, and (i) Respondent has determined the Delinquent Consumer does not qualify for any loss mitigation option and the time for appeal has expired or the appeal has been denied, or (ii) the Delinquent Consumer has accepted or rejected an offer of loss mitigation.

93. The requirements of this subsection shall not apply to any loan for which Respondent does not own the right to service or sub-service as of the Effective Date.

94. Nothing in this subsection shall be interpreted to limit or restrict in any way the protections provided to borrowers under 12 C.F.R. § 1024.41. To the extent any provision of this subsection is in conflict with any provision of 12 C.F.R. § 1024.41, 12 C.F.R. § 1024.41 shall apply.

VII
Independent Compliance Review and Compliance Plan

IT IS FURTHER ORDERED that:

A.
Compliance Management System Review

95. Within 30 days of the Effective Date, Respondent must secure and retain a third party consultant, with specialized experience in default mortgage servicing, and acceptable to the Enforcement Director, to conduct an independent review of Respondent's default mortgage servicing compliance management system (CMS). The review must include a review of:

a. Respondent's policies, procedures, processes, and controls for its default mortgage servicing operations;

b. Respondent's oversight and auditing of its default mortgage servicing operations; and

c. Respondent's oversight and auditing of any service provider performing default mortgage servicing on behalf of Respondent.

96. Within 90 days of retaining the third party consultant, the third party consultant must prepare a written report detailing the findings of the review (Compliance Review). The Compliance Review shall be submitted to the Board and the Enforcement Director.

B.
Compliance Plan

97. Within 90 days of receiving the Compliance Review, the Board must develop and approve a comprehensive written compliance plan, which may include modifying an existing written compliance plan (Compliance Plan). The Compliance Plan must:

a. Correct any deficiencies identified in the Compliance Review relating to Respondent's default mortgage servicing operations, or explain in writing why a particular recommendation is not being implemented;

b. Be reasonably designed to ensure compliance with the terms of the Consent Order; and

c. Be reasonably designed to ensure compliance with Federal consumer financial laws governing default mortgage servicing and the processing of loss mitigation applications.

98. Respondent shall submit the Compliance Plan to the Enforcement Director within 5 days of approval by the Board. If the Compliance Plan is not objected to by the Bureau within 20 days of submission, Respondent must proceed to implement the Compliance Plan. If the Bureau objects to the Compliance Plan within 10 days of submission, Respondent will make reasonable efforts to amend the Compliance Plan to address any objection and resubmit the Compliance Plan to the Enforcement Director within 30 days.

C.
Certification of Compliance Plan Implementation

99. Upon implementation of the Compliance Plan, Respondent must submit to the Enforcement Director a report, approved by the Board, certifying that it has completed implementation of the Compliance Plan (Certification).

100. The Certification shall describe in detail the manner and form in which Respondent has implemented the Compliance Plan. The Certification shall also address any contrary findings made in the Monitoring Report, as defined in Section XII, paragraphs 121 and 122.

101. Respondent must not submit the Certification prior to the issuance of at least one Monitoring Report.

102. The Enforcement Director will have the discretion to make a determination of non-objection as to whether the Compliance Plan is fully implemented. If the Enforcement Director objects, Respondent will make reasonable efforts to correct any deficiencies and will resubmit the Certification to the Enforcement Director.

VIII
Role of the Board

IT IS FURTHER ORDERED that:

103. The Board must review all submissions (including plans, reports, programs, policies, and procedures) required by this Consent Order prior to submission to the Bureau.

104. Although this Consent Order requires the Respondent to submit certain documents for the review or non-objection by the Enforcement Director, the Board will have the ultimate responsibility for proper and sound management of Respondent and for ensuring that Respondent complies with Federal consumer financial law and this Consent Order.

105. In each instance that this Consent Order requires the Board to ensure adherence to, or perform certain obligations of Respondent, the Board must:

a. Authorize whatever actions are necessary for Respondent to fully comply with the Consent Order;

b. Require timely reporting by management to the Board on the status of compliance obligations; and

c. Require timely and appropriate corrective action to remedy any material non-compliance with any failures to comply with Board directives related to this Section.

IX
Order to Pay Redress

IT IS FURTHER ORDERED that:

106. A judgment for equitable monetary relief and damages is entered in favor of the Bureau and against the Respondent in the amount of $27,500,000, provided however that at least $20,000,000 shall be distributed to Foreclosed Consumers.

107. Within 10 days of the Effective Date, Respondent must pay to the Bureau, by wire transfer to the Bureau or to the Bureau's agent, and according to the Bureau's wiring instructions, $27,500,000 in full satisfaction of the judgment as ordered in paragraph 106 of this Section.

108. Any funds received by the Bureau in satisfaction of this judgment will be deposited into a fund or funds administered by the Bureau or to the Bureau's agent according to applicable statutes and regulations to be used for redress for injured consumers, including, but not limited to, refund of moneys, restitution, damages, or other monetary relief, and for any attendant expenses for the administration of any such redress.

109. If the Bureau determines, in its sole discretion, that redress to consumers is wholly or partially impracticable or if funds remain after redress is completed, the Bureau may apply any remaining funds for such other equitable relief (including consumer information remedies) as determined to be reasonably related to the violations described in Section V of this Consent Order. Any funds not used for such equitable relief will be deposited in the U.S. Treasury as

disgorgement. Respondent will have no right to challenge any actions that the Bureau or its representatives may take under this paragraph.

110. Payment of redress to any Affected Consumer under this Order may not be conditioned on that Affected Consumer waiving any right.

X
Order to Pay Civil Money Penalties

IT IS FURTHER ORDERED that:

111. Under Section 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the violations of law described in Section V of this Consent Order, and taking into account the factors in 12 U.S.C. § 5565(c)(3), Respondent must pay a civil money penalty of $10,000,000 to the Bureau.

112. Within 10 days of the Effective Date, Respondent must pay the civil money penalty by wire transfer to the Bureau or to the Bureau's agent in compliance with the Bureau's wiring instructions.

113. The civil money penalty paid under this Consent Order will be deposited in the Civil Penalty Fund of the Bureau as required by Section 1017(d) of the CFPA, 12 U.S.C. § 5497(d).

114. Respondent must treat the civil money penalty paid under this Consent Order as a penalty paid to the government for all purposes. Regardless of how the Bureau ultimately uses those funds, Respondent must not:

a. Claim, assert, or apply for a tax deduction, tax credit, or any other tax benefit for any civil money penalty paid under this Consent Order; or

b. Seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made under any insurance policy, with regard to any civil money penalty paid under this Consent Order.

XI
Additional Monetary Provisions

IT IS FURTHER ORDERED that:

115. In the event of any default on Respondent's obligations to make payment under this Consent Order, interest, computed under 28 U.S.C. § 1961, as amended, will accrue on any outstanding amounts not paid from the date of default to the date of payment, and will immediately become due and payable.

116. Respondent must relinquish all dominion, control, and title to the funds paid to the fullest extent permitted by law and no part of the funds may be returned to Respondent.

117. Under 31 U.S.C. § 7701, Respondent, unless it already has done so, must furnish to the Bureau its taxpayer identifying numbers, which may be used for purposes of collecting and reporting on any delinquent amount arising out of this Consent Order.

118. Within 30 days of the entry of a final judgment, consent order, or settlement in a Related Consumer Action, Respondent must notify the Enforcement Director of the final judgment, consent order, or settlement in writing. That notification must indicate the amount of redress, if any, that Respondent paid or is required to pay to consumers and describe the consumers or classes of consumers to whom that redress has been or will be paid.

XII
Reporting and Monitoring Requirements

IT IS FURTHER ORDERED that:

119. Respondent must notify the Bureau of any development that may affect compliance obligations arising under this Consent Order, including but not limited to, a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor company; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Consent Order; the filing of any bankruptcy or insolvency proceeding by or against Respondent; or a change in Respondent's name or address. Respondent must provide this notice at least 30 days before the development or as soon as practicable after the learning about the development, whichever is sooner.

120. Within 30 days of receiving a non-objection to the Compliance Plan from the Enforcement Director, Respondent must secure and retain an third party consultant with specialized experience in default mortgage servicing, and acceptable to the Enforcement Director (Monitor). The Monitor may be the same third party consultant as the third party consultant engaged with respect to paragraph 95.

121. The Monitor must perform the following activities for a period of 2 years from the Effective Date:

    a. Monitor Respondent's compliance with the Consent Order on a semi-annual basis or as requested by Respondent;

    b. Monitor Respondent's implementation of the Compliance Plan on a semi-annual basis or as requested by Respondent; and

c. Provide semi-annual reports to the Bureau and the Board detailing its findings (Monitoring Report).

122. The Monitoring Report will, at a minimum:

a. Describe the manner and form in which Respondent has complied with the Consent Order; and

b. Describe the manner and form in which Respondent has implemented the Compliance Plan.

123. The Monitor must, at a minimum:

a. Have access to Respondent's system of record for default servicing, including loan-level data and imaged documents;

b. Have access to the system of record, including loan-level data and imaged documents, of any service provider providing default servicing activities on behalf of Respondent;

c. Conduct transaction testing of statistically significant samples of loan files; and

d. Have access to Respondent and its service providers' personnel to obtain information and answer questions as necessary.

124. The Monitor shall perform the activities described in paragraph 121 in accordance with a reasonable budget and work plan that are submitted to the Enforcement Director for non-objection prior to the initiation of any of the activities described in paragraph 121.

125. The parties to the Consent Order may agree to limit or extend the term of monitoring as appropriate.

XIII
Order Distribution and Acknowledgment

IT IS FURTHER ORDERED that,

126. Within 30 days of the Effective Date, Respondent must deliver a copy of this Consent Order to each of its board members and executive officers, as well as to any managers, employees, service providers, or other agents and representatives who have responsibilities related to the subject matter of the Consent Order.

127. For 5 years from the Effective Date, Respondent must deliver a copy of this Consent Order to any business entity resulting from any change in structure referred to in Section XII, any future board members and executive officers, as well as to any managers, employees, service providers, or other agents and representatives who will have responsibilities related to the subject matter of the Consent Order before they assume their responsibilities.

128. Respondent must secure a signed and dated statement acknowledging receipt of a copy of this Consent Order, ensuring that any electronic signatures comply with the requirements of the E-Sign Act, 15 U.S.C. § 7001 *et seq.*, within 30 days of delivery, from all persons receiving a copy of this Consent Order under this Section.

XIV
Recordkeeping

IT IS FURTHER ORDERED that

129. Respondent must create, for at least 5 years from the Effective Date, the following business records:

    a. All documents and records necessary to demonstrate full compliance with

each provision of this Consent Order, including all submissions to the Bureau.

b. For each individual Affected Consumer: the consumer's name, address, phone number, email address; type of loan serviced; status of loan as of the Effective Date.

130. Respondent must retain the documents identified in paragraph 129 for at least 5 years.

131. Respondent must make the documents identified in paragraph 129 available to the Bureau upon the Bureau's request.

XV
Notices

IT IS FURTHER ORDERED that:

132. Unless otherwise directed in writing by the Bureau, Respondent must provide all submissions, requests, communications, or other documents relating to this Consent Order in writing, with the subject line, "*In re* Flagstar Bank, F.S.B., File No. 2014-CFPB-0014," and send them either:

a. By overnight courier (not the U.S. Postal Service), as follows:

Assistant Director for Enforcement
Consumer Financial Protection Bureau
ATTENTION: Office of Enforcement
1700 G Street, N.W.
Washington D.C. 20552; or

b. By first-class mail to the address in paragraph 132(a) and contemporaneously by email to Enforcement_Compliance@cfpb.gov.

XVI
Cooperation with the Bureau

IT IS FURTHER ORDERED that:

133. Respondent must cooperate fully to help the Bureau determine the identity and location of each Affected Consumer. Respondent must provide such information in its or its agents' possession or control within 30 days of receiving a written request from the Bureau.

XVII
Other Compliance Monitoring

IT IS FURTHER ORDERED that, to monitor Respondent's compliance with this Consent Order:

134. Within 30 days of receipt of a written request from the Bureau, Respondent must submit additional compliance reports or other requested information within Respondent's possession, custody or control, which must be made under penalty of perjury; provide sworn testimony; or produce documents.

135. Respondent must permit Bureau representatives to interview any employee or other person affiliated with Respondent who has agreed to such an interview. The person interviewed may have counsel present. If such person is a current employee of Respondent, Respondent may have counsel present.

136. Nothing in this Consent Order will limit the Bureau's lawful use of compulsory process, under 12 C.F.R. § 1080.6.

XVIII
Modifications to Non-Material Requirements

IT IS FURTHER ORDERED that:

137. Respondent may seek a modification to non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) by submitting a written request to the Enforcement Director.

138. The Enforcement Director may, in his/her discretion, modify any non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) if he/she determines good cause justifies the modification. Any such modification by the Enforcement Director must be in writing.

XIX
Administrative Provisions

139. The provisions of this Consent Order do not bar, estop, or otherwise prevent the Bureau, or any other governmental agency, from taking any other action against Respondent, except as described in paragraph 140.

140. The Bureau releases and discharges Respondent from all potential liability for law violations that the Bureau has or might have asserted based on the practices described in Section V of this Consent Order, to the extent such practices occurred before the Effective Date and the Bureau knows about them as of the Effective Date. The Bureau may use the practices described in this Consent Order in future enforcement actions against Respondent and its affiliates, including, without limitation, to establish a pattern or practice of violations or the continuation of a pattern or practice of violations or to calculate the amount of any penalty. This release does not preclude or affect any right of the Bureau to determine and ensure compliance with the Consent Order, or to seek penalties for any violations of the Consent Order.

141. This Consent Order is intended to be, and will be construed as, a final Consent Order issued under Section 1053 of the CFPA, 12 U.S.C. § 5563, and expressly does not form, and may not be construed to form, a contract binding the Bureau or the United States.

142. This Consent Order will terminate 5 years from the Effective Date or 5 years from the most recent date that the Bureau initiates an action alleging any violation of the Consent Order by Respondent. If such action is dismissed or the relevant adjudicative body rules that Respondent did not violate any provision of the Consent Order, and the dismissal or ruling is either not appealed or upheld on appeal, then the Consent Order will terminate as though the action had never been filed. The Consent Order will remain effective and enforceable until such time, except to the extent that any provisions of this Consent Order have been amended, suspended, waived, or terminated in writing by the Bureau or its designated agent.

143. Calculation of time limitations will run from the Effective Date and be based on calendar days, unless otherwise noted.

144. The provisions of this Consent Order will be enforceable by the Bureau. For any violation of this Consent Order, the Bureau may seek to impose the maximum amount of civil money penalties allowed under Section 1055(c) of the CFP Act, 12 U.S.C. § 5565(c). In connection with any attempt by the Bureau to enforce this Consent Order in federal district court, the Bureau may serve Respondent wherever Respondent may be found and Respondent may not contest that court's personal jurisdiction over Respondent.

145. This Consent Order and the accompanying Stipulation contain the complete agreement between the parties. The parties have made no promises, representations, or warranties other than what is contained in this Consent Order and the accompanying Stipulation. This Consent Order and the accompanying Stipulation supersede any prior oral or written communications, discussions, or understandings.

146. Nothing in this Consent Order or the accompanying Stipulation may be construed as allowing the Respondent, its Board, officers, or employees to violate any law, rule, or regulation.

IT IS SO ORDERED, this 29th day of September 2014.

Richard Cordray
Director
Consumer Financial Protection Bureau