

**UNITED STATES OF AMERICA
CONSUMER FINANCIAL PROTECTION BUREAU**

ADMINISTRATIVE PROCEEDING

File No. 2017-CFPB-0004

In the Matter of:

CitiFinancial Servicing, LLC (DE),
CitiFinancial Company (DE),
CitiFinancial Services, Inc. (MN), and
CitiFinancial, Inc. (WV).

CONSENT ORDER

The Consumer Financial Protection Bureau (Bureau) has reviewed the mortgage servicing activities and credit reporting activities of CitiFinancial Servicing (Respondent, as defined below) regarding daily simple interest mortgages and has identified the following law violations: Respondent misrepresented to borrowers the impact of receiving a deferment, including that the additional interest accruing during the deferment period would become due immediately upon the next scheduled payment, in violation of sections 1031 and 1036 of the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5531, 5536; (2) Respondent failed to treat requests for deferments as a request for a loss mitigation option, in violation of the Real Estate Settlement Procedures Act (RESPA) and Regulation X, 12 C.F.R. § 1024.41; (3) Respondent failed to cancel borrowers' optional insurance coverage in accordance with the terms of the borrowers' promissory notes, in violation of sections 1031 and 1036 of the CFPA; (4) Respondent failed to conduct reasonable investigations of direct consumer reporting disputes in violation of the Fair Credit Reporting Act (FCRA), 15 U.S.C. § 1681s-

2(a)(8)(E), and section 1022.43 of Regulation V; (5) Respondent inaccurately reported settled in full accounts as “charged off” to Credit Reporting Companies, in violation of section 623(a)(2) of the FCRA, 15 U.S.C. § 1681s-2(a)(2); and (6) Respondent furnished adverse information within 60 days of receiving a Notice of Error regarding borrower payments subject to a Notice of Error, in violation of RESPA and Regulation X, 12 C.F.R. § 1024.35. 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

Jurisdiction

1. The Bureau has jurisdiction over this matter under sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563 and 556, RESPA, 12 U.S.C. § 2601 et seq., and its implementing Regulation X, 12 C.F.R. Part 1024; FCRA, 15 U.S.C. § 1681 et seq., and its implementing Regulation V, 12 C.F.R. Part 1022.

II

Stipulation

2. Respondent has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated January [], 2017 (Stipulation), which is incorporated by reference and is accepted by the Bureau. By this Stipulation, Respondent has consented to the issuance 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 action.

III

Definitions

3. The following definitions apply to this Consent Order:
 - a. “Affected Consumers” means borrowers whose mortgage was serviced by Respondent and who either (a) paid Credit Insurance premiums after Respondent should have cancelled their insurance pursuant to the terms of their promissory notes after July 21, 2011; or (b) had their Credit Insurance prematurely cancelled by Respondent before April 2015 contrary to the terms of their promissory notes and submitted a Credit Insurance claim that was denied as a result of the cancellation of the Credit Insurance.
 - b. “Board” means CitiFinancial Credit Company’s duly-elected and acting Board of Directors.
 - c. “Clearly and Prominently” means:
 - i. In textual communications (e.g., printed publications or words displayed on the screen of an electronic device), the disclosure must be of a type size and location sufficiently noticeable for an ordinary consumer to read and comprehend it, in print that contrasts with the background on which it appears;
 - ii. In communications disseminated orally or through audible means (e.g., radio or streaming audio), the disclosure must be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it;

- iii. In communications disseminated through video means (e.g., television or streaming video), the disclosure must be in writing in a form consistent with subsection (i), and must appear on the screen for a duration sufficient for an ordinary consumer to read and comprehend it;
 - iv. In communications made through interactive media such as the internet, online services, and software, the disclosure must be unavoidable and presented in a form consistent with subsection (i);
 - v. In communications that contain both audio and visual portions, the disclosure must be presented simultaneously in both the audio and visual portions of the communication; and
 - vi. In all instances, the Deferment disclosure must be presented before the consumer incurs any financial obligation, in an understandable language and syntax, and with nothing contrary to, inconsistent with, or in mitigation of the disclosures used in any communication with the consumer.
- d. “Credit Reporting Company” means, coterminous with the meaning of “consumer reporting agency” as defined in FCRA, 15 U.S.C. § 1681a(f), any person which, for monetary fees, dues, or on a cooperative nonprofit basis, regularly engages in whole or in part in the practice of assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer reports to third parties, and which uses any means or facility of interstate commerce for the purpose of preparing or furnishing consumer reports.

- e. "Credit Insurance" means the optional credit life, credit disability, and credit involuntary unemployment insurance that Respondent offered to its borrowers in connection with their mortgage loans.
- f. "Deferment" means an extension by a period of one or more months of the monthly payment due date and/or the final payment date so that borrowers may remain contractually current by advancing the month-paid-to date by the number of months deferred.
- g. "Direct Dispute" means a dispute submitted directly to a Furnisher by a consumer concerning the accuracy of any information contained in a consumer report and pertaining to an account or other relationship that the Furnisher has or had with the consumer. 12 C.F.R. § 1022.41(b).
- h. "Effective Date" means the date on which the Consent Order is issued.
- i. "Furnisher" means an entity that furnishes information relating to consumers to one or more Credit Reporting Companies for inclusion in a consumer report, as defined in 12 C.F.R. § 1022.41(c).
- j. "Notice of Error" means a notification of a servicing error, as described in 12 C.F.R. § 1024.35(a) & (b).
- k. "Regional Director" means the Regional Director for the Northeast Region for the Office of Supervision for the Consumer Financial Protection Bureau, or his/her delegate.
- l. "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 IV of this Consent Order.

- m. “Respondent” means the four entities that make up the CitiFinancial Servicing business, all of which are indirect subsidiaries of CitiFinancial Credit Company: CitiFinancial Company (DE); CitiFinancial Services Inc. (MN); CitiFinancial Servicing LLC (DE); and CitiFinancial, Inc. (WV), and its successors and assigns.
- n. “Special Deferment” means a Deferment provided by Respondent under which the receiving borrower pays nothing at the time the Deferment is processed, interest continues to accrue during the Deferment period, and the borrower’s maturity date remains unchanged.

IV

Bureau Findings and Conclusions

The Bureau finds the following:

- 4. Respondent is comprised of entities that are incorporated in Delaware, Minnesota, and West Virginia, all of which are headquartered in O’Fallon, Missouri, and are direct subsidiaries of CitiFinancial Credit Company, which is an indirect subsidiary of Citigroup, Inc.
- 5. Respondent originated and serviced residential daily simple interest (DSI) mortgage loans. Respondent is a “covered person” under 12 U.S.C. § 5481(6) and a “servicer” under 12 C.F.R. § 1024.2(b) because, among other things, it is responsible for servicing federally related mortgage loans as defined by 12 C.F.R. § 1024.2(b).

6. Respondent is a “furnisher” under FCRA and Regulation V, 12 C.F.R. § 1022.41(c), because it furnishes information relating to consumers to one or more Credit Reporting Companies for inclusion in a consumer report.
7. Interest under the terms of a DSI loan, including the DSI mortgages Respondent originated and serviced, accrues daily based on the current outstanding principal balance. As a result, the amount of a borrower’s monthly payment applied to interest and principal depends on the number of days that elapsed since the borrower’s last posted payment date.
8. Less interest accrues when DSI borrowers make their monthly payments before their scheduled due date (and within 30 days of their previous loan payment). Late or irregular payments may result in a greater (or the entire) portion of a borrower’s payment being applied to interest due.

**Findings and Conclusions as to Respondent’s Misrepresentations
Regarding its Deferment Practices**

9. Since January 2014, Respondent provided over 20,000 Special Deferments to borrowers facing hardships as a form of short-term payment relief.
10. For borrowers who received a Special Deferment (and therefore did not prepay any interest), the interest accruing during the Deferment period became due immediately upon a borrower’s next scheduled payment, rather than at the end of the borrower’s loan term.
11. Respondent sent borrowers who applied for Deferments in certain states an authorization form informing them that “the repayment term of the loan will be extended.” Respondent sent all borrowers who it approved for a Deferment a confirmation letter with similar disclosures.

12. In its communications to borrowers, Respondent disclosed that “interest will continue to accrue” during the Deferment period, but Respondent did not disclose the amount of interest that would accrue during the Deferment period, when that interest would be due, or how a borrower’s next payment would be applied in relation to that accrued interest. Respondent also failed to disclose that a Special Deferment would significantly reduce the amount of principal reduction borrowers would achieve once they resumed making loan payments, resulting in borrowers paying more interest over the life of the loan.
13. Respondent’s communications to borrowers that interest continued to accrue during the Deferment period and that borrowers’ repayment terms would be extended created the misimpression that the interest would not become due immediately upon a borrower’s next scheduled payment. In fact, Respondent’s Special Deferments did not extend the maturity date of borrowers’ loans, and the interest accruing during the Deferment period became due immediately upon a borrower’s next scheduled payment.
14. Sections 1031(a) and 1036(a)(1)(B) of the CFPB, 12 U.S.C. §§ 5531(a) and 5536(a)(1)(B) prohibit “unfair, deceptive, or abusive” acts or practices. 12 U.S.C. § 5536(a)(1)(B).
15. As described in Paragraphs 9–13, in connection with servicing mortgage loans and providing Deferments to borrowers, Respondent represented expressly or impliedly that the deferred payment (including interest accrued during the Deferment period) would be added to the end of the borrower’s loan.
16. In fact, the interest that accrued during borrowers’ Special Deferment period would become due immediately after the Deferment period ended.

17. Therefore, Respondent engaged in deceptive acts or practices in violation of sections 1031(a) and 1036(a)(1) of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1).

Findings and Conclusions as to Respondent's Loss Mitigation Practices in Violation of RESPA and Regulation X

18. Respondent promoted Deferments to borrowers as a way to help mitigate a hardship. One of Respondent's collection notices stated the following: ". . . we can explain all of the ways we can help you. For example, we may be able to **customize a more convenient payment plan for you . . . defer late payments . . . or even adjust your monthly payment** to a more affordable amount."
19. Under Regulation X, a loss mitigation option means an alternative to foreclosure offered by the owner or assignee of a mortgage loan that is made available through the servicer to the borrower. 12 C.F.R. § 1024.31. This includes "refinancing, trial or permanent modification, repayment of the amount owed over an extended period of time, forbearance of future payments, short-sale, [and] deed-in-lieu of foreclosure . . ." 12 C.F.R. Pt. 1024, Supp. I, comment 31.
20. The Deferments Respondent offered or provided were loss mitigation options under Regulation X, 12 C.F.R. § 1024.31.
21. Under Regulation X, a loss mitigation application means an oral or written request for a loss mitigation option that is accompanied by any information required by a servicer for the evaluation for a loss mitigation option. 12 C.F.R. § 1024.31.
22. Borrowers' requests for Deferments were loss mitigation applications under Regulation X, 12 C.F.R. § 1024.31.

23. If a servicer receives a loss mitigation application from a borrower regarding a mortgage loan secured by a property that is a borrower's principal residence, the servicer must "exercise due reasonable diligence in obtaining documents and information to complete [the] loss mitigation application." 12 C.F.R. § 1024.41(b)(1).
24. If a servicer receives a loss mitigation application 45 days or more before a foreclosure sale, the servicer also must, within five days (excluding legal public holidays, Saturdays, and Sundays) of receiving the loss mitigation application, provide a written notice acknowledging receipt and stating, among other things, if the loss mitigation application is incomplete, "the additional documents and information the borrower must submit" to complete his or her loss mitigation application. 12 C.F.R. § 1024.41(b)(2).
25. However, Respondent did not consider requests for Deferments as applications for a loss mitigation option or exercise reasonable diligence in obtaining documents and information from borrowers seeking deferments necessary to complete a loss mitigation application.
26. Specifically, when Respondent received requests for Deferments, Respondent failed to, as required under Regulation X: (1) exercise reasonable diligence in obtaining documents and information necessary to complete the application; (2) acknowledge receipt of borrowers' loss mitigation applications; and (3) identify the documents and information borrowers needed to submit to complete their loss mitigation applications so they can be evaluated for all lost mitigation options. 12 C.F.R. §§ 1024.41(b)(1), 1024.41(b)(2).

27. Therefore, for conduct occurring on or after January 10, 2014, Respondent violated RESPA, 12 U.S.C. § 2601 et seq., and of its implementing Regulation X, 12 C.F.R. §§ 1024.41(b)(1), (b)(2)(i)(B).

**Findings and Conclusions as to Respondent's Misrepresentations
Regarding Optional Credit Insurance Practices**

28. Prior to April 30, 2015, Respondent offered or provided Credit Insurance products to borrowers in connection with their mortgage loans at closing.
29. Borrowers who purchased optional Credit Insurance products paid monthly premiums as part of their regular mortgage payment that borrowers sent to Respondent. If a borrower's monthly payment was insufficient to cover the additional cost of the premium, Respondent advanced the necessary funds to the insurance provider for a temporary period of time.
30. Respondent's promissory note provided that borrowers' optional Credit Insurance would terminate if past due premiums "equal or exceed four times the first month premium."
31. When applicable, the periodic statements Respondent sent to borrowers who purchased Credit Insurance contained the following statement: "If you do not remit past-due premiums on or before your next due date, your insurance coverage WILL TERMINATE as described in your loan contract."
32. However, Respondent failed to terminate the Credit Insurance in accordance with the terms of the note for many borrowers. Since July 2011, approximately 7,800 borrowers paid at least \$3.75 million to Respondent in premiums for Credit Insurance that should have been canceled under the terms of their promissory notes.

33. Before April 2015, Respondent improperly prematurely cancelled the Credit Insurance of certain borrowers contrary to the terms of their note. Twenty-five of those borrowers subsequently submitted an insurance claim that was denied because Respondent had improperly cancelled those borrowers' Credit Insurance. The maximum total benefit those borrowers may have been eligible to receive was approximately \$442,289.
34. Sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a) and 5536(a)(1)(B) prohibit "unfair, deceptive, or abusive" acts or practices. 12 U.S.C. § 5536(a)(1)(B).
35. As described in Paragraphs 28–33, Respondent expressly represented to borrowers in its promissory note and its periodic statements that the optional Credit Insurance would terminate if the sum of past due premiums equaled or exceeded four times the borrowers' first month's premium.
36. In reality, Respondent failed to terminate borrowers' Credit Insurance as represented, and thousands of borrowers continued to pay millions of dollars in Credit Insurance premiums after Respondent should have terminated their Credit Insurance under the terms of their promissory notes.
37. In addition, contrary to the terms of the promissory note, Respondent prematurely canceled the Credit Insurance of certain borrowers. Twenty-five of those borrowers subsequently submitted an insurance claim that was denied because Respondent had improperly cancelled those borrowers' Credit Insurance.
38. Therefore, Respondent's practice of continuing to charge borrowers for Credit Insurance premiums in violation of the express terms of their promissory notes

and prematurely cancelling borrowers' Credit Insurance products constituted a deceptive act or practice, in violation of 12 U.S.C. § 5536(a)(1)(B).

Findings and Conclusions as to the Respondent's Direct Dispute and Furnishing Practices in Violation of FCRA and Regulation V

39. Respondent failed to conduct a reasonable investigation of borrowers' Direct Disputes and to complete a Direct Dispute investigation within 30 days of receipt.
40. Respondent was aware that some number of accounts that had been settled in full had been incorrectly reported to Credit Reporting Companies as charged off with a balance due. Respondent received disputes from borrowers that accounts were incorrectly being reported as charged off when they had in fact settled, and Respondent's system of record reflected these accounts as settled in full. Yet Respondent neither provided corrections to the Credit Reporting Companies to which it furnished the inaccurate information, nor ceased furnishing the information it had determined to be inaccurate. In fact, Respondent continued furnishing that inaccurate information.
41. After receiving a Direct Dispute from a consumer, Regulation V requires Furnishers to conduct a reasonable investigation with respect to the disputed information and complete that investigation within 30 days. 12 C.F.R. § 1022.43(e)(1) and (e)(3).
42. As described in Paragraph 39, Respondent failed to conduct and complete a reasonable investigation of borrowers' Direct Disputes within 30 days.
43. Therefore, Respondent violated FCRA, 15 U.S.C § 1681s-2(a)(8)(E), and its implementing Regulation V, 12 C.F.R. § 1022.43(e)(1) and (3).

44. The FCRA requires Furnishers to correct and update any information furnished to a Credit Reporting Company if it determines that the information is not complete or accurate. 15 U.S.C. § 1681s-2(a)(2).
45. As described in Paragraph 40, Respondent failed to correct and update incorrect information about consumer accounts that it had furnished to Credit Reporting Companies after determining that the furnished information was inaccurate.
46. Therefore, Respondent's furnishing practices violated the FCRA, 15 U.S.C. § 1681s-2(a)(2).

Findings and Conclusions as to the Respondent's Furnishing Practices in Violation of RESPA and Regulation X

47. In certain instances from January 10, 2014 to May 31, 2014, Respondent furnished adverse information to a Credit Reporting Company regarding a payment that was the subject of a Notice of Error within 60 days of receiving such notice.
48. Regulation X prohibits servicers from furnishing adverse information to Credit Reporting Companies regarding any payment that is the subject of a Notice of Error within 60 days after receipt of the Notice of Error. 12 C.F.R. § 1024.35(i)(1).
49. As described in Paragraph 47, Respondent furnished adverse information regarding a payment that was the subject of a Notice of Error within 60 days of receiving such notice.
50. Therefore, Respondent's furnishing practices violated RESPA, 12 U.S.C. § 2601 et seq., and section 1024.35(i)(1) of its implementing Regulation X.

V**Conduct Provisions**

IT IS ORDERED, under sections 1053 and 1055 of the CFPB, that:

51. Respondent and its officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, may not violate sections 1024.41(b)(1), 1024.41(b)(2)(i)(B), and 1024.35(i)(1) of Regulation X and RESPA, sections 1022.43(e)(1) and (e)(3) of Regulation V, section 623(a)(2) of the FCRA, 15 U.S.C. § 1681s-2(a)(2), and sections 1031(a) and 1036(a)(1)(B) of the CFPB, 12 U.S.C. §§ 5531, 5536, and must take the following affirmative actions:
 - a. Respondent must Clearly and Prominently disclose in plain language on its Deferment authorization forms and Deferment confirmation letters that the interest accruing during the Deferment period becomes immediately due when the borrower resumes making payments;
 - b. Respondent must Clearly and Prominently disclose in plain language on its Deferment authorization forms and Deferment confirmation letters all material terms of a deferment to DSI borrowers, including the effect of a Special Deferment on a borrower's loan maturity date, the application between interest and principal when the borrower resumes making payments, and that the deferment may delay repayment of principal, resulting in additional interest accruing over the life of the loan;
 - c. Respondent must treat requests for Deferments from borrowers as a loss mitigation application and a request for a loss mitigation option under

Regulation X, including by, as applicable: (1) exercising reasonable diligence in obtaining documents and information necessary to complete the borrowers' application (2) acknowledging receipt of borrowers' loss mitigation applications; (3) identifying the documents borrowers needed to submit to complete their loss mitigation applications; and (4) evaluating borrowers for all Loss Mitigation Options once their applications were complete, consistent with the other requirements of that regulation.

- d. Respondent, in connection with servicing DSI mortgages, may not report settled accounts as charged off to Credit Reporting Companies;
- e. Respondent, in connection with servicing DSI mortgages, may not furnish adverse information to a Credit Reporting Company regarding payments subject to a Notice of Error within 60 days of receiving such Notice of Error.
- f. Respondent, in connection with servicing DSI mortgages, must conduct reasonable investigations of Direct Disputes from borrowers within 30 days of receiving the Direct Dispute, consistent with 12 C.F.R. § 1022.43 of Regulation V.

VI

Compliance Plan

IT IS FURTHER ORDERED that:

- 52. Within 60 days of the Effective Date, Respondent must submit to the Regional Director for review and determination of non-objection a comprehensive compliance plan designed to ensure that Respondent's Deferment, Direct Dispute

and furnishing practices comply with all applicable Federal consumer financial laws and the terms of this Consent Order (Compliance Plan). The Compliance Plan must include, at a minimum:

- a. Detailed steps for addressing each action required by this Consent Order, including how Respondent will comply with 12 C.F.R. § 1024.41;
 - b. Templates of all Deferment authorization forms and Deferment confirmation letters that Respondent currently sends to borrowers who have requested a Deferment;
 - c. Templates of all new or revised Deferment authorization forms and Deferment confirmation letters Respondent seeks to send to borrowers to comply with the terms of this Consent Order; and
 - d. Specific timeframes and deadlines for implementation of the steps described above.
53. The Regional Director will have the discretion to make a determination of non-objection to the Compliance Plan or direct Respondent to revise it. If the Regional Director directs Respondent to revise the Compliance Plan, Respondent must make the revisions and resubmit the Compliance Plan to the Regional Director within 30 days.
54. After receiving notification that the Regional Director has made a determination of non-objection to the Compliance Plan, Respondent must implement and adhere to the steps, recommendations, deadlines, and timeframes outlined in the Compliance Plan.

55. Any proposed material changes to or deviations from the approved Compliance Plan must be submitted in writing to the Regional Director for determination of non-objection.

VII

Role of the Board

IT IS FURTHER ORDERED that:

56. The Board, or a relevant Committee thereof, must review all submissions (including plans, reports, programs, policies, and procedures) required by this Consent Order prior to submission to the Bureau.
57. Although this Consent Order requires Respondent to submit certain documents for the review or non-objection by the Regional 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.
58. In each instance that this Consent Order requires the Board to ensure adherence to, or perform certain obligations of Respondent, the Board, or a relevant Committee thereof, 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.

VIII

Order to Pay Redress

IT IS FURTHER ORDERED that:

59. Within 10 days of the Effective Date, Respondent must reserve or deposit into a segregated deposit account \$4.4 million for the purpose of providing redress to Affected Consumers as required by this Section. Respondent may reduce this reserve or the deposit by the amount of any restitution Respondent made prior to the Effective Date that complies with the requirements of this Consent Order, for the purpose of providing redress to Affected Customers as required by this Section.
60. If Respondent has made any restitution prior to the Effective Date of this Consent Order that complies with the requirements of this Consent Order, Respondent must provide appropriate proof of such restitution to the Regional Director concurrent with the Redress Plan required by Paragraph 61.
61. Within 60 days of the Effective Date, Respondent must submit to the Regional Director for review and non-objection a comprehensive written plan for providing redress consistent with this Consent Order (Redress Plan). The Regional Director will have the discretion to make a determination of non-objection to the Redress Plan or direct the Respondent to revise it. If the Regional Director directs the Respondent to revise the Redress Plan, the Respondent must

make the revisions and resubmit the Redress Plan to the Regional Director within 30 days. After receiving notification that the Regional Director has made a determination of non-objection to the Redress Plan, the Respondent must implement and adhere to the steps, recommendations, deadlines, and timeframes outlined in the Redress Plan.

62. The Redress Plan must apply to all Affected Consumers and:
 - a. Specify how Respondent will identify all Affected Consumers;
 - b. Provide processes for providing redress covering all Affected Consumers;
 - c. Include a description of the following:
 - i. Methods used to compile a list of potential Affected Consumers;
 - ii. Methods used to calculate the amount of redress to be paid to each Affected Consumer;
 - iii. Procedures for issuance and tracking of redress to Affected Consumers; and
 - iv. Procedures for monitoring compliance with the Redress Plan.
63. The Redress Plan must, at a minimum, require Respondent to:
 - a. For Affected Consumers who paid Credit Insurance premiums after Respondent should have cancelled their policy pursuant to the terms of their contracts, refund or credit the full amount of premiums paid by borrowers for Credit Insurance after their Insurance should have been cancelled, as well as any premiums that were incorrectly billed to Affected Consumers but not paid.

- b. For Affected Consumers whose Credit Insurance was prematurely cancelled and who subsequently submitted a Credit Insurance claim that was denied, provide the maximum benefit each borrower may have been eligible to receive pursuant to each borrower's policy.
 - c. The Redress Plan may permit Respondent to reduce the redress amounts described in Paragraph 63 by any restitution, including debt forgiveness and loan credits, previously provided by Respondent, as described in Paragraph 60 of this Consent Order.
64. Within 90 days from completion of the Redress Plan, Respondent's internal audit department must review and assess compliance with the terms of the Redress Plan (Redress Review).
65. The Redress Review must include an assessment of the Redress Plan and the methodology used to determine the population of Affected Consumers, the amount of redress for each Affected Consumer; the procedures used to issue and track redress payments; and the work of any independent consultants that Respondent has used to assist with the implementation of, and review its execution of, the Redress Plan.
66. The Redress Review must be completed and summarized in a written report (Redress Review Report), which must be completed within 60 days of completion of the Redress Review. Within 10 days of its completion, the Redress Review Report must be submitted to the Board and the Regional Director.
67. After completing the Redress Plan, if the amount of redress provided to Affected Consumers is less than \$4.4 million, within 30 days of the completion of the Redress Plan, 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, the difference between the amount of redress provided to Affected Consumers and \$4.4 million.

68. The Bureau may use these remaining funds to pay additional redress to Affected Consumers. If the Bureau determines, in its sole discretion, that additional redress is wholly or partially impracticable or otherwise inappropriate, or if funds remain after the additional redress is completed, the Bureau will deposit any remaining funds 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 Section.
69. Respondent may not condition the payment of any redress to any Affected Consumer under this Consent Order on that Affected Consumer waiving any right.

IX

Order to Pay Civil Money Penalties

IT IS FURTHER ORDERED that:

70. Under section 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the violations of law described in Section IV 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 \$4.4 million to the Bureau.
71. 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.

72. 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).
73. 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 may 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.
74. To preserve the deterrent effect of the civil money penalty in any Related Consumer Action, Respondent may not argue that Respondent is entitled to, nor may Respondent benefit by, any offset or reduction of any compensatory monetary remedies imposed in the Related Consumer Action because of the civil money penalty paid in this action (Penalty Offset). If the court in any Related Consumer Action grants such a Penalty Offset, Respondent must, within 30 days after entry of a final order granting the Penalty Offset, notify the Bureau, and pay the amount of the Penalty Offset to the U.S. Treasury. Such a payment will not be considered an additional civil money penalty and will not change the amount of the civil money penalty imposed in this action.

X

Additional Monetary Provisions

IT IS FURTHER ORDERED that:

75. 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.
76. 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.
77. 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.
78. Within 30 days of the entry of a final judgment, consent order, or settlement in a Related Consumer Action, Respondent must notify the Regional 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.

XI

Reporting Requirements

IT IS FURTHER ORDERED that:

79. 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, if practicable, at least 30 days before the development, but in any case no later than 14 days after the development.
80. Within 120 days of the Effective Date, and again one year after the Effective Date, Respondent must submit to the Regional Director an accurate written compliance progress report (Compliance Report) that has been approved by the Board, or relevant Committee thereof, which, at a minimum:
 - a. Describes in detail the manner and form in which Respondent has complied with this Consent Order; and
 - b. Attaches a copy of each Order Acknowledgment obtained under Section XII unless previously submitted to the Bureau.

XII

Order Distribution and Acknowledgment

IT IS FURTHER ORDERED that,

81. 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.

82. 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 XI 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.
83. 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.

XIII

Recordkeeping

IT IS FURTHER ORDERED that

84. Respondent must create, or if already created, must retain 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. All documents and records pertaining to the Redress Plan, described in Section VIII above.

- c. All consumer complaints from borrowers with DSI mortgages regarding deferrals (whether received directly or indirectly, such as through a Service Provider), and any responses to those complaints or requests.
85. Respondent must retain the documents identified in Paragraph 84 for the duration of the Consent Order.
86. Respondent must make the documents identified in Paragraph 84 available to the Bureau upon the Bureau's request.

XIV

Notices

IT IS FURTHER ORDERED that:

87. Unless otherwise directed in writing by the Bureau, Respondent must provide all submissions, requests, communications, or other documents relating to this LLC, File No. 2017-CFPB-0004 ,” and send them either:
- a. By overnight courier (not the U.S. Postal Service), as follows:

Regional Director, Northeast Region
Consumer Financial Protection Bureau
140 East 45th Street, 4th Floor
New York, NY 10017; or
 - b. By first-class mail to the below address and contemporaneously by email to Enforcement_Compliance@cfpb.gov and any other email address as directed in writing by the Bureau:

Regional Director, Northeast Region
Consumer Financial Protection Bureau
140 East 45th Street, 4th Floor
New York, NY 10017

XV

Cooperation with the Bureau

IT IS FURTHER ORDERED that:

88. Respondent must cooperate fully to help the Bureau determine the identity and location of, and the amount of injury sustained by, each Affected Consumer. Respondent must provide such information in its or its agents' possession or control within 14 days of receiving a written request from the Bureau.

XVI

Compliance Monitoring

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

89. Within 30 days of receipt of a written request from the Bureau, Respondent must submit additional Compliance Reports or other requested information, which must be made under penalty of perjury; provide sworn testimony; or produce documents.
90. For purposes of this Section, the Bureau may communicate directly with Respondent, unless Respondent retains counsel related to these communications.
91. 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.
92. Nothing in this Consent Order will limit the Bureau's lawful use of civil investigative demands under 12 C.F.R. § 1080.6 or other compulsory process.

XVII

Modifications to Non-Material Requirements

IT IS FURTHER ORDERED that:

93. 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 Regional Director.
94. The Regional 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 Regional Director must be in writing.

XVIII

Administrative Provisions

95. 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 96.
96. 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 IV 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.

97. 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.
98. 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. 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. This 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.
99. Calculation of time limitations will run from the Effective Date and be based on calendar days, unless otherwise noted.
100. Should Respondent seek to transfer or assign all or part of its operations that are subject to this Consent Order, Respondent must, as a condition of sale, obtain the written agreement of the transferee or assignee to comply with Section VIII to the extent Respondent has not fully complied with those provisions of this Consent Order.

101. The provisions of this Consent Order will be enforceable by the Bureau. For any violation of this Consent Order, the Bureau may impose the maximum amount of civil money penalties allowed under section 1055(c) of the CFPA, 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.
102. 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.
103. 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 23rd day of January, 2017.



Richard Cordray
Director
Consumer Financial Protection Bureau