

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

ADMINISTRATIVE PROCEEDING

File No. 2019-BCFP-0006

In the Matter of:

**SERVIS ONE, INC., d/b/a BSI
FINANCIAL SERVICES**

CONSENT ORDER

The Bureau of Consumer Financial Protection (Bureau) has reviewed the mortgage servicing and transfer practices of Servis One, Inc., d/b/a BSI Financial Services (Respondent, as defined below) and has identified the following law violations during the periods of time specified in Section IV of this Consent Order: (1) acts or practices relating to mortgage loan servicing transfers with incomplete or inaccurate loss mitigation information that resulted in failures to recognize transferred mortgage loans with pending loss mitigation applications, In-Process Loan Modifications (as defined below), and permanent loan modifications, in violation of the Real Estate Settlement Procedures Act (RESPA), 12 U.S.C. § 2601 *et seq.*, and its implementing Regulation X, 12 C.F.R. §§ 1024.38(b)(2) and 1024.38(b)(4); (2) acts or practices relating to mortgage loan servicing transfers with incomplete or inaccurate escrow information resulting in untimely escrow disbursements in violation of RESPA, 12 U.S.C. § 2605(g), its implementing Regulation X, 12 C.F.R. §§ 1024.21(g) (2013), 1024.34(a), and 1024.38(b)(4), and Sections 1031(a) and 1036(a)(1) of the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5531(a) and 5536(a)(1); (3) acts or

practices relating to Respondent's inadequate oversight of service providers resulting in untimely escrow disbursements to pay borrowers' property taxes and homeowner's insurance premiums in violation of RESPA and its implementing Regulation X, 12 C.F.R. § 1024.38(b)(1) and (3); (4) acts or practices relating to Respondent's failure to enter promptly interest rate adjustment loan data for adjustable rate mortgage (ARM) loans into its servicing system in violation of the Truth in Lending Act (TILA), 15 U.S.C. § 1601 *et seq.*, its implementing Regulation Z, 12 C.F.R. § 1026.20(c), and Sections 1031(a) and 1036(a)(1) of the CFPA, 12 U.S.C. §§ 5531(a) and 5536(a)(1); and (5) acts or practices relating to an inadequate document management system that prevented Respondent's personnel or consumers from readily obtaining accurate information about mortgage loans, in violation of RESPA and its implementing Regulation X, 12 C.F.R. §§ 1024.38(b)(1)(iii) and 1024.40(b). Under Sections 1053 and 1055 of the 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 5565, under RESPA, 12 U.S.C. § 2614, and under TILA, 15 U.S.C. § 1607.

II Stipulation

2. Respondent has executed a "Stipulation and Consent to the Issuance of a Consent Order," dated May 15, 2019, (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 establish the Bureau's jurisdiction over Respondent and the subject matter of this action.

III **Definitions**

3. The following definitions apply to this Consent Order:
 - a. "Affected Consumers" includes consumers with first or second lien residential loans that were transferred to Respondent between September 1, 2012, and the Effective Date, and were subject to any of the conduct described during the applicable period(s) identified in Section IV of this Consent Order relating to (1) untimely escrow disbursements; or (2) Respondent's failure to adjust interest rates in accordance with the terms of consumers' ARM Loans.
 - b. "ARM Loan" means, coterminous with the meaning of the term "adjustable-rate mortgage," a closed-end consumer credit transaction secured by the consumer's principal dwelling in which the annual percentage rate may increase after consummation, as defined in Regulation Z, 12 C.F.R. § 1026.20(c)(1)(i).
 - 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 Bureau of Consumer Financial Protection, or his or her delegate.

- f. “In-Process Loan Modification” means a trial loan modification that has not yet been made permanent when the servicing rights to the loan are transferred to or by Respondent. The term is limited to circumstances where a consumer is performing in accordance with the terms of the trial loan modification as of the date of transfer.
- g. “Portfolio” means a group of loans for which the servicing rights are transferred to or by Respondent pursuant to a single contract for the sale or transfer of mortgage servicing rights.
- h. “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 all or a subset of the same facts as described in Section IV of this Consent Order.
- i. “Respondent” means Servis One, Inc., d/b/a BSI Financial Services, and its successors and assigns.
- j. “Service Provider” means any person that provides a material service to a covered person as defined in 12 U.S.C. § 5481(6) in connection with the offering or provision by such covered person of a consumer financial product or service, including a person that (i) participates in designing, operating, or maintaining the consumer financial product or service; or (ii) processes transactions relating to the consumer financial product or service (other than unknowingly or incidentally transmitting or processing financial data in a manner that such data is undifferentiated from other types of data of the same form as the person transmits or processes), as defined in Section 1002(26) of the CFPA, 12 U.S.C. § 5481.

IV

Bureau Findings and Conclusions

The Bureau finds the following:

4. Respondent is a servicer headquartered in Irving, Texas. As of the Effective Date, Respondent services approximately 48,600 loans with an aggregate unpaid principal balance of approximately \$8.5 billion.
5. Respondent is a “covered person” as defined by 12 U.S.C. § 5481(6) and a “servicer” as defined by 12 C.F.R. § 1024.2(b) because, among other things, it services loans and is responsible for servicing federally related mortgage loans within the meaning of 12 C.F.R. § 1024.2(b). Respondent’s servicing obligations and activities includes those performed pursuant to a sub-servicing contract.
6. Most of the loans Respondent services are loans for which the servicing was transferred to Respondent from another servicer. Either the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation is the owner of many of the loans that Respondent services.
7. As of the Effective Date, approximately 21% of the loans Respondent services were 60 days or more unpaid, which Respondent defines as delinquent.
8. Respondent offers loan modifications to eligible borrowers suffering economic hardships under proprietary programs offered by owners of the loans and, until December 2016, the Department of Treasury’s Home Affordable Modification Program (HAMP).
9. Typically, consumers submit an application to Respondent for consideration for either HAMP or proprietary modifications. Consumers approved for a loan modification typically enter into a trial loan modification with the servicer for a

period of a few months. Under the terms of either HAMP or most proprietary modifications, if the consumer makes all the payments due under the trial loan modification, and upon fulfillment of certain other conditions, the consumer is entitled to have the trial loan modification converted to a permanent loan modification.

Findings and Conclusions as to Respondent's Failures to Acquire or Transfer Loss Mitigation Data and Information

10. From approximately September 2012 to September 2014, Respondent's practice was not to review loan data provided by prior servicers for accuracy and completeness before onboarding the loans. Moreover, Respondent's practice was not to enter into its servicing system loss mitigation information from prior servicers in a fully automated manner.
11. A number of consumers had In-Process Loan Modifications or were engaged in pending loss mitigation activity when the servicing of their loans was transferred to Respondent. Because of Respondent's failures to ensure that the information it acquired from prior servicers was complete and accurate and to enter in its servicing system loss mitigation information in a fully automated manner, Respondent failed to honor some permanent loan modifications.
12. In other instances, Respondent failed to evaluate consumers' pending loss mitigation applications for loan modifications or failed to offer permanent loan modifications upon consumers' completion of In-Process Loan Modifications.
13. During this time, it was Respondent's practice not to deliver loss mitigation information in its servicing system of record in a manner that allowed subsequent mortgage servicers to whom Respondent transferred loan servicing

rights to identify consumers engaged in loss mitigation, including consumers who were making payments pursuant to In-Process Loan Modifications, at the time of outbound servicing transfers.

14. As a result, Respondent transferred to subsequent servicers loss mitigation information that was incomplete or incompatible with the subsequent servicer's servicing system. In many other instances, Respondent failed to transfer loss mitigation information to subsequent servicers. Some consumers whose loans Respondent transferred experienced delays in obtaining loss mitigation with their new servicers, and accrued unnecessary interest and fees.

Violations of RESPA and Regulation X

15. Regulation X requires servicers to maintain policies and procedures that are "reasonably designed to ensure that the servicer can: (i) As a transferor servicer, timely transfer all information and documents in the possession or control of the servicer relating to a transferred mortgage loan to a transferee servicer in a form and manner that ensures the accuracy of the information and documents transferred and that enables a transferee servicer to comply with the terms of the transferee servicer's obligations to the owner or assignee of the mortgage loan and applicable law." 12 C.F.R. § 1024.38(b)(4)(i).
16. Regulation X requires servicers to maintain policies and procedures that are "reasonably designed to ensure that the servicer can: ... (ii) As a transferee servicer, identify necessary documents or information that may not have been transferred by a transferor servicer and obtain such documents from the transferor servicer." 12 C.F.R. § 1024.38(b)(4)(ii).

17. Regulation X requires servicers to maintain policies and procedures that are “reasonably designed to ensure that the servicer can: ... (iv) Identify documents and information that a borrower is required to submit to complete a loss mitigation application.” 12 C.F.R. § 1024.38(b)(2)(iv).
18. The term “procedures” as used in 12 C.F.R. § 1024.38 includes a servicer’s actual practices for achieving the objectives of the rule. 12 C.F.R. Supp. I to Part 1024, Official Bureau Interpretations, Paragraph 1024.38(a)-2.
19. As described in Paragraphs 10 -12, it was Respondent’s practice not to fully complete its review of loss mitigation information from prior servicers for accuracy and completeness prior to boarding loans. Moreover, it was Respondent’s practice not to review the loan files it received from prior servicers to ensure necessary information was not missing prior to boarding loans. Respondent continued to maintain these practices on and after January 10, 2014. As a result, there were instances in which Respondent was unable to promptly identify loans upon transfer that had been modified or with pending loss mitigation activity. For loans with pending loss mitigation activity, there were instances in which Respondent was also unable to identify information those borrowers were required to submit to complete their loss mitigation applications without contacting the prior servicer or borrower.
20. Further, as described in Paragraphs 13 - 14, it was Respondent’s practice not to deliver complete and accurate loss mitigation information in its servicing system in a manner that would allow subsequent servicers to identify borrowers engaged in loss mitigation activity or making trial payments

pursuant to In-Process Loan Modifications, such that subsequent servicers could not continue Respondent's loss mitigation activities.

21. Thus, for conduct occurring after January 10, 2014, Respondent violated RESPA, 12 U.S.C. § 2601 *et seq.*, and its implementing Regulation X, 12 C.F.R. §§ 1024.38(b)(2)(iv) & 1024.38(b)(4).

Findings and Conclusions as to Respondent's Failure to Acquire Escrow Information from Prior Servicers

22. From approximately September 2012 through approximately July 31, 2014, it was Respondent's practice to board and service loans without ensuring its Service Providers properly entered complete and accurate property tax and homeowner's insurance policy information in Respondent's servicing system.
23. As a result, Respondent entered certain loans into its servicing system with terms that required the establishment of an escrow account for payments of property taxes and homeowner's insurance premiums as non-escrowed loans. This meant Respondent excluded these loans from its internal processes to ensure it made timely escrow disbursements. On a number of occasions, Respondent thus missed deadlines to pay property taxes and/or homeowner's insurance premiums on behalf of these borrowers.

Violation of the CFPA

24. 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.

25. The acts and practices described in Paragraphs 22 - 23 caused substantial injury to consumers that was not reasonably avoidable or outweighed by any countervailing benefit to consumers or to competition.
26. 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)(1).

Violation of RESPA and Regulation X

27. Regulation X requires servicers to maintain policies and procedures that are “reasonably designed to ensure that the servicer can: ... (ii) As a transferee servicer, identify necessary documents or information that may not have been transferred by a transferor servicer and obtain such documents from the transferor servicer.” 12 C.F.R. § 1024.38(b)(4)(ii).
28. The term “procedures” as used in 12 C.F.R. § 1024.38 includes a servicer’s actual practices for achieving the objectives of the rule. 12 C.F.R. Supp. I to Part 1024, Official Bureau Interpretations, Paragraph 1024.38(a)-2.
29. As described in Paragraphs 22 - 23, it was Respondent’s practice to board and service loans without ensuring its Service Providers properly entered in Respondent’s servicing system information necessary to ensure timely payments of property taxes and homeowner’s insurance premiums from consumers’ escrow accounts.
30. Thus, for conduct occurring after January 10, 2014, Respondent violated RESPA, 12 U.S.C. § 2601 *et seq.*, and its implementing Regulation X, 12 C.F.R. § 1024.38(b)(4)(ii), by failing to maintain policies and procedures reasonably

designed to ensure it could identify necessary property tax and homeowner's insurance information and obtain that information from prior servicers.

Findings and Conclusions as to Respondent's Untimely Escrow Payments

31. From September 2012 through September 2014, Respondent outsourced to two Service Providers the responsibility of determining the correct property tax and homeowner's insurance premium payments for Respondent to pay.
32. Respondent did not conduct adequate periodic reviews of these Service Providers to ensure they directed Respondent to make timely escrow disbursements.
33. As a result, Respondent did not make timely property tax or homeowner's insurance premium payments out of escrow accounts for many consumers whose loans were no more than 30 days past due. In some instances, consumers were subjected to penalties by local tax authorities and cancellation of homeowner's insurance policies as a result of Respondent's failure to timely pay taxes or premiums.
34. Respondent learned of the late escrow disbursements through delinquent tax reports from local tax authorities and borrowers who contacted Respondent to complain they had been assessed penalties for non-payment of property taxes or that their homeowner's insurance policies had been cancelled for non-payment of premiums.
35. Respondent has represented that it paid all penalties assessed on borrowers by local tax authorities as a result of Respondent's failure to timely pay the consumers' property taxes through April 2014. However, Respondent did not

have a practice of identifying and reimbursing consumers who obtained more expensive replacement coverage for their homeowner's insurance policies that were cancelled for non-payment of premiums. Nor did Respondent have a practice of identifying and reimbursing consumers who had claims denied by their insurers because their policies were cancelled for non-payment of premiums.

Violation of RESPA and Regulation X – Failure to Make Timely Escrow Disbursements

36. Section 6(g) of RESPA requires servicers to “make payments from the escrow account [of any federally related mortgage loan whose terms require the establishment of an escrow account] for ... [property] taxes, insurance premiums, and other charges in a timely manner as such payments become due.” 12 U.S.C. § 2605(g).
37. Prior to January 10, 2014, 12 C.F.R. § 1024.21(g) (2013) implemented Section 6(g) of RESPA and required servicers to “make payments from the escrow account [of any mortgage servicing loan whose terms require the establishment of an escrow account] in a timely manner for the taxes, insurance premiums, and other charges as the payments become due, as governed by the requirements in [12 C.F.R.] § 1024.17(k).”
38. Similarly, since January 10, 2014, Regulation X has required servicers “to make payments from the escrow account in a timely manner, that is, on or before the deadline to avoid a penalty, as governed by the requirements in [12 C.F.R.] § 1024.17(k),” for federally related mortgage loans whose terms require

borrowers to make payments to servicers for property taxes and homeowner's insurance premiums. 12 C.F.R. § 1024.34(a).

39. Regulation X requires servicers to make escrow disbursements for payments of property taxes and homeowner's insurance premiums "in a timely manner, that is, on or before the deadline for a penalty, as long as the borrower's payment is not more than 30 days overdue." 12 C.F.R. § 1024.17(k).
40. Thus, Respondent's untimely escrow disbursements as described in Paragraph 33 violated RESPA, 12 U.S.C. § 2605(g), 12 C.F.R. § 1024.21(g) (2013), and Regulation X, 12 C.F.R. § 1024.34(a).

Violations of RESPA and Regulation X – Failure to Maintain Policies and Procedures to Facilitate Periodic Reviews of Service Providers

41. Regulation X requires servicers to maintain policies and procedures that are "reasonably designed to ensure that the servicer can: ... (ii) Facilitate periodic reviews of service providers, including by providing appropriate servicer personnel with documents and information necessary to audit compliance by service providers with the servicer's contractual obligations and applicable law." 12 C.F.R. § 1024.38(b)(3)(ii).
42. Thus, for conduct occurring on or after January 10, 2014, Respondent violated RESPA, 12 U.S.C. § 2601 *et seq.*, and its implementing Regulation X, 12 C.F.R. § 1024.38(b)(3)(iii), by failing to maintain policies and procedures to facilitate conducting periodic reviews of its Service Providers responsible for determining the amounts that Respondent should pay for consumers' property taxes and homeowner's insurance premiums as described in Paragraphs 31 -32.

43. Regulation X requires servicers to maintain policies and procedures that are “reasonably designed to ensure that the servicer can: ... (ii) Investigate, respond to, and, as appropriate, make corrections in response to complaints asserted by the borrower.” 12 C.F.R. § 1024.38(b)(1)(ii).
44. Thus, for conduct occurring on or after January 10, 2014, Respondent’s practice of not investigating, responding to, and making corrections in response to borrowers’ complaints that they were forced to incur the expense of obtaining replacement homeowner’s insurance policies because their prior policies were cancelled due to Respondent’s non-payment of premiums, as described in Paragraphs 34 - 35, violated RESPA, 12 U.S.C. § 2601 *et seq.*, and its implementing Regulation X, 12 C.F.R. § 1024.38(b)(1)(ii).

Findings and Conclusions as to Respondent’s Failure to Adjust Timely Interest Rates on ARM Loans

45. From approximately September 2012 through approximately May 22, 2015, Respondent failed to enter into its servicing system loan data it received from prior servicers for thousands of ARM Loans concerning adjustments to interest rates. Instead, Respondent manually created interest rate adjustment tables based on information contained in the underlying mortgage loan documents it received. Respondent’s manual process often did not keep pace with scheduled changes in interest rates on ARM Loans.
46. During this time, Respondent sent borrowers monthly statements seeking to collect principal and interest payments that did not reflect the correct interest rate on their ARM Loans.

Violations of the CFPA

47. 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.
48. The acts and practices as described in Paragraphs 45 - 46 caused substantial injury to consumers that was not reasonably avoidable or outweighed by any countervailing benefit to consumers or to competition.
49. Further, as described in Paragraphs 45 - 46, in numerous instances, Respondent represented, expressly or impliedly, in monthly statements sent to consumers that their monthly principal and interest payments accurately reflected the principal and interest owed under the terms of the loan.
50. In fact, Respondent failed to adjust the interest rates on borrowers’ ARM Loans according to the schedule of adjustments under their loan terms, and sent borrowers monthly statements that sought to collect inaccurate principal and interest payments.
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)(1), and Respondent’s representations, as described in Paragraph 49, 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).

Violation of TILA and Regulation Z

52. Regulation Z provides that a “servicer of an adjustable-rate mortgage shall provide consumers with disclosures ... in connection with the adjustment of

- interest rates pursuant to the loan contract that results in a corresponding adjustment to the payment.” 12 C.F.R. § 1026.20(c).
53. As described in Paragraphs 45 - 46, Respondent’s manual process of creating interest rate adjustment tables meant that its servicing system did not identify timely scheduled interest rate changes to consumers’ ARM Loans. As a result, Respondent did not disclose to consumers scheduled interest rate changes to their ARM Loans.
54. Thus, Respondent violated TILA, 15 U.S.C. § 1601 *et seq.*, and its implementing Regulation Z, 12 C.F.R. § 1026.20(c).

Findings and Conclusions as to Respondent’s Document Management System

55. From approximately September 2012 through approximately January 2016, Respondent was unable to provide borrowers with accurate information about their loans in a timely manner because Respondent’s practice was to maintain unindexed and unimaged mortgage loan files that required manual searches—in some instances of hundreds of documents and thousands of pages—to locate specific loan documents and respond to borrowers’ inquiries about their loans.
56. Further, because of Respondent’s practice, Respondent was unable to provide consumers with accurate information about available loss mitigation options and to retrieve in a timely manner written information consumers had submitted in connection with their loss mitigation applications.
57. Regulation X requires servicers to maintain policies and procedures that are “reasonably designed to ensure that the servicer can: ... (iii) Provide a borrower with accurate and timely information and documents in response to the

borrower's requests for information with respect to the borrower's mortgage loan." 12 C.F.R. § 1024.38(b)(1)(iii).

58. Regulation X requires servicers to maintain policies and procedures that are "reasonably designed to ensure that servicer personnel assigned to a delinquent borrower ... (1) Provide the borrower with accurate information about: (i) Loss mitigation options available to the borrower from the owner or assignee of the borrower's mortgage loan ... and (2) Retrieve, in a timely manner: ... (ii) All written information the borrower has provided to the servicer, and if applicable, to prior servicers, in connection with a loss mitigation application." 12 C.F.R. § 1024.40(b).

Violation of RESPA and Regulation X

59. Thus, for conduct occurring on or after January 10, 2014, Respondent violated RESPA, 12 U.S.C. § 2601 *et seq.*, and its implementing Regulation X, 12 C.F.R. §§ 1024.38(b)(1)(iii) & 1024.40(b), by failing to maintain policies and procedures reasonably designed to ensure it could respond timely and accurately to borrowers' inquiries about their mortgage loans, including information concerning loss mitigation options and applications, as described in Paragraphs 55 - 56.

ORDER

V

Conduct Provisions

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

60. Respondent, and its officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly,

in connection with the servicing of loans, may not misrepresent, or assist others in misrepresenting, expressly or impliedly:

- a. The unpaid principal balances, payment due dates, interest rates, monthly payment amounts, or other terms of an In-Process Loan Modification;
 - b. The delinquency statuses of borrowers with an In-Process Loan Modification;
 - c. The current or anticipated adjusted interest rate of an ARM Loan or the monthly principal and interest payment due on an ARM Loan after an interest rate is scheduled to adjust; or
 - d. Any other fact material to consumers concerning loans undergoing evaluation for loss mitigation options and/or ARM Loans in which the interest rate has adjusted or is scheduled to adjust.
61. Respondent and its officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order must, as of the Effective Date of this Order, take, and thereafter continue to take, the following affirmative actions:
- a. Respondent must establish and maintain servicing systems, policies, and procedures reasonably designed to ensure that:
 - i. For all loans for which Respondent acquires servicing, Respondent can identify all loan-level information necessary for proper servicing and obtain from prior mortgage servicers such information in a format compatible with its servicing system(s);
 - ii. Respondent can accurately and timely calculate escrow payments and ensure accurate and timely disbursements on all escrowed loans;

- iii. Respondent can accurately and timely calculate interest rate adjustment schedules for ARM Loans; and
 - iv. Respondent can provide timely notices to borrowers of interest rate adjustments and corresponding changes in monthly principal and interest payments for ARM Loans in accordance with 12 C.F.R. § 1026.20(c);
- b. Respondent must enhance and update, as necessary, its oversight and compliance management systems to promptly identify and correct potential servicing errors and violations of Federal consumer financial laws, including any errors or violations committed by Respondent's Service Providers. These measures must include:
- i. Regular monitoring and supervision by Respondent of the Service Providers, affiliates, or other agents it engages in connection with its loan servicing activities, including on-site visits , document collection, interviews of Service Provider personnel, monitoring of consumer complaints, and oversight of curative actions and/or remediation undertaken by the Service Providers, affiliates, or other agents; and
 - ii. Establishment or enhancement of policies and procedures to timely investigate, respond to, and correct servicing errors in response to complaints by borrowers or violations.
- c. Respondent must maintain individual loan files in an indexed and searchable format. Respondent must image and index any loan file to which it acquires the servicing within 45 days of receiving the file(s) from the transferor

servicer. Respondent's organizational system must be reasonably designed to ensure that it can:

- i. Promptly locate specific documents within each loan file;
 - ii. Promptly respond to consumer inquiries about their mortgage loans with accurate information and/or documents;
 - iii. Provide consumers with accurate information about their available loss mitigation options; and
 - iv. Promptly retrieve all written information provided by consumers in connection with a loss mitigation application.
- d. Respondent must commence actions required under 12 C.F.R. § 1024.41 within 5 days of the transfer date for loans to which Respondent acquires servicing , provided Respondent has sought and received the relevant information from the transferor by the transfer date.

Data Integrity Program

62. Within 120 days of the Effective Date, Respondent must establish and maintain a comprehensive data integrity program (Data Integrity Program) reasonably designed to ensure the accuracy, integrity, and completeness of the data and other information about loans that Respondent services, including any loans acquired by Respondent from prior servicers or to be transferred by Respondent to subsequent servicers. The Data Integrity Program, the content and implementation of which must be fully documented in writing, must be appropriate to the nature, size, complexity, and scope of Respondent's servicing activities, and must include:

- a. The designation of an employee or employees to oversee the Data Integrity Program;
- b. The maintenance of sufficient personnel who are adequately trained to perform the Data Integrity Program requirements in a timely and legal manner;
- c. The assessment of risk to the completeness, accuracy, and validity of consumer loan data and documents with the objective of identifying and effectively mitigating the risk to servicing IT systems' ability to process all consumer loan data and documents in a manner that enables compliance with Federal consumer financial law. At a minimum, this assessment must consider risks in each relevant area of operation, including, but not limited to (1) employee training and management, (2) information systems, including network and software design, servicing transfer protocols, information processing, storage, transmission, and disposal, (3) prevention, detection, and response to any systems failure, and (4) communications with Service Providers, vendors, law firms, or other third parties concerning any servicing activity or any loan that Respondent services;
- d. The design and implementation of reasonable safeguards to control the risks identified through risk assessment, and regular auditing or testing or monitoring of the effectiveness of the safeguards' key controls, systems, and procedures;
- e. The completion of due diligence through a loan boarding document management process prior to receiving transferred servicing. Specifically, prior to receiving the transfer of servicing, Respondent must conduct due

diligence to understand and implement steps necessary to resolve issues with the type of loan-level information and documentation in the transferor's possession and control, the transferor's ability to transfer the information electronically, in images, or only in paper records, material gaps in the transferor's records, and Respondent's ability to promptly process the information to be provided by the transferor, and otherwise ensure that Respondent will be able to comply with its servicing obligations with respect to each loan transferred. Respondent must seek assurance that the transferor will timely transfer all material loan-level information in its possession or control. Material loan-level information includes but is not limited to information relating to loss mitigation and escrow disbursements.

Respondent may meet all of the requirements in this paragraph by following (or using a third-party vendor to assist in following) a structured process for the tracking of preliminary documents, classification and indexing of documents, data extraction of key data points from critical documents, loading of documents into Respondent's image repository, and the reconciliation of missing documents.

- f. The completion of due diligence through a structured loan off-boarding document management process prior to transferring servicing to subsequent servicers. Specifically, prior to the outbound transfer of servicing, Respondent must conduct due diligence to understand and implement steps to assist the transferee in resolving issues with the transferee's ability to receive loan-level information electronically, in images, or only in paper records, and the transferee's ability to promptly process the information to be provided by

Respondent. Respondent will timely transfer all material loan-level information in its possession or control to the transferee. Material loan-level information includes but is not limited to information relating to loss mitigation and escrow disbursements.

- g. A plan for the testing, identification, and correction of material errors—specifically through onboarding data exception tracking and reviews by an independent quality control department analyst—in the data fields capturing the following information in Respondent’s servicing system(s) of record: monthly payment amount, unpaid principal balance, interest rate, whether the loan is an ARM Loan, anticipated adjusted interest rate, if any, the date of adjustment to the interest rate, if any, loan term, whether the loan requires the establishment of an escrow account for payments of property taxes and homeowner’s insurance premiums, escrow account balance, escrow payment deadlines, suspense account balance, delinquency status, loss mitigation status, and foreclosure status (collectively, the “Tested Data Fields”).
 - i. Respondent’s plan must include provisions to compare the Tested Data Fields in Respondent’s servicing system(s) of record as of the loan transfer cutoff date with the electronic data and the loan-level documents provided by the transferor servicer from which Respondent acquired the servicing for portfolios acquired by Respondent after the Effective Date, within 60 days after transfer, or within 60 days after the establishment of the Data Integrity Program, whichever is later.
 - ii. For testing purposes, Respondent must design and select samples, perform test procedures, and evaluate sample results to obtain

sufficient, reliable, relevant, and useful evidence about the completeness, accuracy, and validity of the loan portfolio as a whole.

- h. The regular auditing, testing, or monitoring, as appropriate, of the effectiveness of the Data Integrity Program using valid consumer loan data and document samples that provide factual evidence and a reasonable basis on which to draw conclusions about the effectiveness of the Data Integrity Program. Respondent must design and select samples, perform test procedures, and evaluate sample results to obtain sufficient, reliable, relevant, and useful evidence about the completeness, accuracy, and validity of the loan portfolio as a whole; and
- i. The periodic evaluation and adjustment, as necessary, of the Data Integrity Program in light of the results of the required auditing, testing, or monitoring, and any material changes to Respondent's operations or business that may significantly impact the Data Integrity Program, or any other circumstances that Respondent knows or has reason to know may have a material impact on the integrity, accuracy, and completeness of Respondent's loan servicing process, or data and other information about loans that Respondent services.

Provided that, in the event of an involuntary transfer to Respondent that results in a delay in the transferor's transfer of relevant information or a volume of errors in the transferor's data that prevents Respondent from being able to comply with the time limits in Paragraph 62, Respondent must submit a written plan to the Bureau within 10 days after the date of the transfer identifying the cause of the delay and setting forth the specific steps it is taking, the resources it is devoting, and Respondent's expected timeline for complying with the requirements of Paragraph 62. If such plan is not

objected to by the Enforcement Director, Respondent must proceed to implement the plan. If the Bureau objects to the plan within 10 days of submission, Respondent must amend the plan to address any objection. Respondent must not take more than 120 days from the date of any transfer after implementation of the Data Integrity Program to satisfy the requirements of Paragraph 62.

Information Technology Plan

63. Respondent must implement an information technology plan appropriate to the nature, size, complexity, and scope of Respondent's servicing activities (IT Plan).
64. Within 120 days of the Effective Date, Respondent must submit to the Enforcement Director for review and non-objection an IT Plan that identifies and describes recent and intended future changes to Respondent's information technology systems designed to ensure compliance with the requirements of this Consent Order, to record, maintain, and track activities and events that evidence compliance with the loss mitigation requirements of 12 C.F.R. §§ 1024.41(b)(2), (c)(1), (f)(3), and (g), to avoid committing the servicing violations identified in Section IV of this Consent Order, and to ensure compliance with applicable Federal consumer financial law.
65. The IT Plan must, at a minimum, set forth steps, recommendations, deadlines, and timeframes for:

IT Systems Governance

- a. Adopting and implementing an IT systems governance policy commensurate with generally accepted industry standards addressing, at a minimum, the following IT systems governance areas:

- i. Organization and governance structures;
- ii. IT executive leadership and support;
- iii. IT strategic, operational, and compliance planning;
- iv. IT compliance service delivery and measurement; and
- v. IT organization and risk management;

IT Systems Management

- b. Integrating regulatory compliance with Respondent's IT systems throughout each phase of the system's acquisition, development lifecycle, change, and configuration by ensuring that consumer compliance subject matter experts are signing off on the IT system design and test plans prior to going into production to enable compliance with Federal consumer financial laws at each phase;
- c. For each development, change, or configuration of its IT systems, at a minimum:
 - i. Identification of regulatory requirements and their implications for the relevant IT systems by having Respondent's IT department management identify any regulatory requirements to be addressed by such development, change, or configuration of Respondent's IT systems and by having Respondent's regulatory compliance department review and approve all such developments, changes, or configurations prior to implementation, as appropriate; and
 - ii. Designing of user stories to each relevant regulatory requirement associated with the transaction being processed using the IT system;

- d. Any contracts Respondent enters into with IT Service Providers and IT vendors, to include provisions relating to third-party oversight by Respondent, must ensure that, at a minimum,
 - i. Regulatory compliance has been integrated into the IT system's acquisition, development lifecycle, change, or configuration; and
 - ii. Service level agreements for all IT vendor and IT Service Provider contracts that, at a minimum, set appropriate system availability and compliance adherence standards;
- e. Each development, change, or configuration of its IT systems, to include a testing phase during which Respondent must, at a minimum:
 - i. Conduct adequate user acceptance testing and business training prior to delivery or migration of the IT system to production;
 - ii. Accurately integrate regulatory requirements by having Respondent's IT department management identify any regulatory requirements affected by such developments, changes, or configurations and by having Respondent's regulatory compliance department review and approve all such developments, changes, or configurations prior to implementation, as appropriate;
 - iii. Test the operating effectiveness of compliance-related functions; and
 - iv. Evaluate the inclusion of adequate application controls specific to regulatory requirements;
- f. A delivery and maintenance phase of the IT system as part of an IT system enhancement process during which Respondent must, at a minimum:

- i. Address compliance-related issues identified during the testing phase and ensure operational effectiveness prior to delivery or migration of the IT system to production;
 - ii. Incorporate ongoing system oversight of compliance-related IT system functionalities and processes; and
 - iii. Monitor compliance-related configuration items in production via reconciliation reporting to ensure data or functions are performing as designed;
- g. Ongoing management of the IT systems as part of an IT system enhancement process, during which Respondent must:
 - i. Clearly identify, document, and test the design and operating effectiveness of automated and IT-dependent controls within its IT system that facilitate and track compliance with applicable Federal consumer financial law;
 - ii. Document the processes and procedures of its IT systems;
 - iii. Employ sufficient dedicated project management resources to oversee timely execution of all IT systems projects. The number of project managers supporting the IT systems projects should be commensurate with the size and complexity of Respondent's business; accordingly, the Respondent represents that it has performed an analysis of its resources and determined that as of the Effective Date of this Consent Order, the employment of 4 Project Managers supporting IT projects is commensurate with the size and complexity of Respondent's business; and

- iv. Incorporate systemic data quality checks of its IT systems through analytic reporting and the identification, documentation, and ongoing testing and monitoring of effective controls.
66. To the extent that Respondent believes it has satisfied elements of the IT Plan at the time the IT Plan is submitted to the Enforcement Director, Respondent may:
- i. Designate in the IT Plan those items that Respondent believes have been completed;
 - ii. Attach to the IT Plan any materials supporting such designation; and
 - iii. Identify in the IT Plan the materials Respondent believes support each designation.
67. The Enforcement Director will have the discretion to make a determination of non-objection to the IT Plan or direct the Respondent to revise it. If the Enforcement Director directs Respondent to revise the IT Plan, Respondent must make the revisions and resubmit the IT Plan to the Enforcement Director within 30 days of the date of notification of the need for revisions.
68. The IT Plan must also specify the anticipated investments necessary to implement its provisions, including a description of the specific IT investments, expected costs of each, and expected timeframe for each. Respondent must submit this information to the Enforcement Director on a bi-annual basis.
69. After receiving notification that the Enforcement Director has made a determination of non-objection to the IT Plan, Respondent must implement and adhere to the steps, recommendations, deadlines, and timeframes outlined in the IT Plan.

Assessment

70. Within 120 days after the implementation of the Data Integrity Program and the IT Plan required by Paragraphs 62 - 69 of this Consent Order, and 2 years after the Effective Date, Respondent must obtain an assessment and report (Assessment) from a qualified, independent, third-party professional acceptable to the Enforcement Director, that, using procedures and standards generally accepted in the profession:
 - a. Sets forth the specific Data Integrity Program and IT Plan that Respondent has implemented and maintained during the reporting period;
 - b. Explains whether the Data Integrity Program and IT Plan are appropriate to Respondent's size and complexity, and the nature and scope of Respondent's activities;
 - c. Explains whether the Data Integrity Program and IT Plan meet the protections required by Paragraphs 62 - 69 of this Consent Order; and
 - d. Confirms that to the best of the third party's knowledge and belief the Data Integrity Program and IT Plan are operating with sufficient effectiveness to provide reasonable assurance of the material accuracy, integrity, and completeness of Respondent's records.
71. Respondent must provide a copy of each Assessment to the Bureau within 10 days after the Assessment is delivered to the Respondent.

Limitations on the Transfer of Servicing for Loans in Loss Mitigation

72. Respondent must not voluntarily transfer or acquire servicing for loans in loss mitigation or with a loss mitigation application pending unless:

- a. The transferor identifies by loan number the following categories of loans at least 10 days prior to transfer, and updates such information at the time of transfer:
 - i. Loans in any stage of pending loss mitigation, including but not limited to loans with pending loss mitigation applications and In-Process Loan Modifications;
 - ii. Loans approved for or converted to a permanent loss mitigation outcome within 90 days prior to transfer; and
 - iii. Loans denied loss mitigation within 60 days prior to transfer;

If Respondent is a transferee, it may satisfy this requirement by requesting the transferor to provide such information. Respondent will not be required to rescind a transfer of servicing if a prior servicer engaged in any loss mitigation activities described in paragraph 72.a.i-iii and failed to identify those loans by loan number prior to transfer;

- b. Respondent must take the following steps as transferor for the servicing of loans:
 - i. Respondent will provide the transferee all the following information in its possession or control prior to transfer: all account-level documents and data relating to loss mitigation, including but not limited to a copy of the mortgage (or other security instrument), note, periodic billing statements for the two years prior to the service transfer, complete payment history, escrow and suspense account information, loss mitigation applications, loss mitigation notices, documentation and information received from the borrower for purposes of evaluating the

- borrower for loss mitigation, any net present value or other analysis, loss mitigation agreements, any written communications or notes of oral communications with the borrower about loss mitigation, and any other information needed to administer any pending loss mitigation applications, In-Process Loan Modifications, or permanent loan modifications;
- ii. Respondent will furnish to borrowers any notice required by 12 C.F.R. § 1024.41(b)(2) for loss mitigation applications received within 5 days prior to transfer;
 - iii. To the extent not previously done, Respondent will validate that the loss mitigation data matches the imaged and paper documents received to the extent possible based upon information that Respondent has received from prior servicers, and will make reasonable efforts to identify and request missing loss mitigation data, documentation, or information within 60 days following transfer;
 - iv. Within 30 days of a request by the transferee, Respondent will provide missing or incomplete loss mitigation data, documentation, or information in its possession or control; and
- c. Respondent must take the following steps as the transferee for the servicing of loans:
- i. Respondent must request the transferor to provide all the following information in its possession or control prior to transfer: all account-level documents and data relating to loss mitigation, including but not limited to a copy of the mortgage (or other security instrument), note,

periodic billing statements for the two years prior to the servicing transfer, complete payment history, escrow and suspense account information, loss mitigation applications, loss mitigation notices, documentation and information received from the borrower for purposes of evaluating the borrower for loss mitigation, any net present value or other analysis, loss mitigation agreements, any written communications or notes of oral communications with the borrower about loss mitigation, and any other information needed to administer any pending loss mitigation applications, In-Process Loan Modifications, or permanent loan modifications;

ii. Respondent will honor loss mitigation agreements entered into by the prior servicer, including but not limited to In-Process Loan Modifications;

iii. Respondent will continue processing loss mitigation applications pending at the time of transfer in compliance with 12 C.F.R. § 1024.41; and

iv. Within 30 days after transfer, Respondent will finish evaluating any complete loss mitigation application for which the transferee lacks clear written evidence that such application was denied, and provide the borrower an opportunity to provide any necessary missing information.

Provided that, in the event of an involuntary transfer to Respondent that results in a delay in the transferor's transfer of relevant information or a volume of errors in the transferor's data that prevents Respondent from being able to

comply with the time limits in Paragraph 72, Respondent must submit a written plan to the Bureau within 20 days after the date of the transfer identifying the cause of the delay and setting forth specific steps it is taking, the resources it is devoting, and Respondent's expected timeline for complying with the requirements of Paragraph 72. If such plan is not objected to by the Bureau within 10 days of the submission of the plan, Respondent must proceed to implement the plan. If the Bureau objects to the plan within 10 days of submission, Respondent must amend the plan to address any objection. In no event shall Respondent fail to honor loss mitigation agreements entered into by the prior servicer, fail to provide borrowers the opportunity to timely accept loss mitigation offers extended by the prior servicer, fail to continue processing pending loss mitigation applications received in the transfer, initiate foreclosure proceedings on loans with pending loss mitigation applications or with In-Process Loan Modifications, or take more than 30 days from the date of transfer to satisfy the requirements of Paragraph 72.

VI **Order to Pay Redress**

IT IS FURTHER ORDERED that:

73. Within 10 days of the Effective Date, Respondent must reserve or deposit into a segregated deposit account an amount not less than \$36,500 (Payment Floor), for the purpose of providing redress to Affected Consumers as required by this Section.
74. Within 30 days of the Effective Date, Respondent must submit to the Enforcement Director for review and non-objection a comprehensive written

plan for providing redress consistent with this Consent Order (Redress Plan). If Respondent has provided redress to Affected Consumers prior to the Effective Date, Respondent must provide appropriate documentation of such redress to the Enforcement Director concurrent with the Redress Plan. The Enforcement 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 Enforcement Director directs the Respondent to revise the Redress Plan, the Respondent must make the revisions and resubmit the Redress Plan to the Enforcement Director within 14 days. After receiving notification that the Enforcement 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.

75. 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 to 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.
76. The Redress Plan must, at a minimum, require Respondent to provide:

- a. A refund of excess interest paid by each Affected Consumer for whom Respondent did not adjust timely the interest rates on their ARM Loans;
 - b. A refund of tax penalties incurred by each Affected Consumer on whose behalf Respondent paid untimely property taxes;
77. The Redress Plan must describe the process for providing restitution to Affected Consumers, and must include the following requirements:
- a. Respondent must mail a certified or bank check to each Affected Consumer along with a Restitution Notification Letter. In lieu of mailing a certified or bank check, Respondent may post a credit to be applied to each Affected Consumer's principal balance to the account of each Affected Consumer whose loan Respondent services at the time Respondent provides redress, and mail a Restitution Notification Letter to those Affected Consumers in accordance with the procedures set forth in Paragraphs 77.b and 77.c;
 - b. Respondent must send the certified or bank check by United States Postal Service first-class mail, address correction service requested, to the Affected Consumer's last known address as maintained by the Respondent's records;
 - c. Respondent must make reasonable attempts to obtain a current address for any Affected Consumer whose Restitution Notification Letter and/or restitution check is returned for any reason, using the National Change of Address System, and must promptly re-mail all returned Restitution Notification Letters and/or restitution checks to current addresses, if any; and
 - d. Processes for handling any unclaimed funds.
78. With respect to the redress paid to Affected Consumers, the Redress Plan must include:

- a. The form of the letter (Restitution Notification Letter) to be sent notifying eligible Affected Consumers of the redress; and
 - b. The form of the envelope that will contain the Restitution Notification Letter. The letter must include a statement that the payment is made in accordance with the terms of this Consent Order and language explaining the manner in which the amount of redress was calculated.
 - c. Respondent must not include in any envelope containing a Restitution Notification Letter any materials other than the approved letters and redress checks, unless Respondent has obtained written confirmation from the Enforcement Director that the Bureau does not object to the inclusion of such additional materials.
79. Within 90 days of completing the Redress Plan, Respondent must submit a Redress Plan report to the Enforcement Director, which must include an independent auditor's review and assessment of Respondent's compliance with the terms of the Redress Plan, including:
- a. The methodology used to determine the population of Affected Consumers;
 - b. The Restitution Amount for each Affected Consumer;
 - c. The total number of Affected Consumers;
 - d. The procedures used to issue and track redress payments;
 - e. The amount, status, and planned disposition of all unclaimed redress payments; and
 - f. The work of independent consultants that Respondent has used, if any, to assist and review its execution of the Redress Plan.

80. After completing the Redress Plan, if the amount of redress provided to Affected Consumers is less than the Payment Floor, 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 the Payment Floor.
81. 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.
82. Respondent may not condition the payment of any redress to any Affected Consumer under this Consent Order on that Affected Consumer waiving any right.

VII

Order to Pay Civil Money Penalties

IT IS FURTHER ORDERED that:

83. 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 \$200,000 to the Bureau. This civil money penalty is based on Respondent's limited ability to pay as attested to by Respondent's Chief

Executive Officer and Corporate Controller on April 26, 2019, and all financial statements and supporting documentation that Respondent submitted to the Bureau.

84. 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.
85. 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).
86. 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.
87. 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. If the court in any Related Consumer Action offsets or otherwise reduces the amount of compensatory monetary remedies imposed against Respondent based on the civil money penalty paid in

this action or based on any payment the Bureau makes from the Civil Penalty Fund, Respondent must, within 30 days after entry of a final order granting such offset or reduction, notify the Bureau, and pay the amount of the offset or reduction 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.

VIII

Additional Monetary Provisions

IT IS FURTHER ORDERED that:

88. 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.
89. 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.
90. 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.
91. 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.

IX

Reporting Requirements

IT IS FURTHER ORDERED that:

92. 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.
93. Within 7 days of the Effective Date, Respondent must:
 - a. Designate at least one telephone number and email, physical, and postal address as points of contact, which the Bureau may use to communicate with Respondent;
 - b. Identify all businesses for which Respondent is the majority owner, or that Respondent directly or indirectly controls, by all of their names, telephone numbers, and physical, postal, email, and Internet addresses;

- c. Describe the activities of each such business, including the products and services offered, and the means of advertising, marketing, and sales.
- 94. Respondent must report any change in the information required to be submitted under Paragraph 92 at least 30 days before the change or as soon as practicable after the learning about the change, whichever is sooner.
- 95. Within 90 days of the Effective Date, and again one year after the Effective Date, Respondent must submit to the Enforcement Director an accurate written compliance progress report (Compliance Report), which, at a minimum:
 - a. Lists each applicable paragraph and subparagraph of the Order and describes in detail the manner and form in which Respondent has complied with each such paragraph and subparagraph of this Consent Order;
 - b. Describes in detail the manner and form in which Respondent has complied with the Redress Plan; and
 - c. Attaches a copy of each Order Acknowledgment obtained under Section X, unless previously submitted to the Bureau.

X

Order Distribution and Acknowledgment

IT IS FURTHER ORDERED that,

- 96. 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.

97. 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 IX, 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.
98. 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.

XI **Recordkeeping**

IT IS FURTHER ORDERED that

99. 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 VI above.
 - c. All plans, reports, studies, reviews, audits, audit trails, policies, training materials, and assessments, whether prepared by or on behalf of Respondent, relied upon to prepare the Assessment identified in Paragraph 70.

- d. All Assessments referred to in Paragraph 70.
- 100. Respondent must retain the documents identified in Paragraph 99 for the duration of the Consent Order.
- 101. Respondent must make the documents identified in Paragraph 99 available to the Bureau upon the Bureau's request.

XII
Notices

IT IS FURTHER ORDERED that:

- 102. 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 Servis One, Inc., d/b/a BSI Financial Services, File No. 2019-BCFP-0006*," and send them by overnight courier or first-class mail to the below address and contemporaneously by email to Enforcement_Compliance@cfpb.gov:

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

XIII
Cooperation with the Bureau

IT IS FURTHER ORDERED that:

- 103. 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.

104. Respondent must cooperate fully with the Bureau in this matter and in any investigation related to or associated with the conduct described in Section IV. Respondent must provide truthful and complete information, evidence, and testimony. Respondent must cause Respondent's officers, employees, representatives, or agents to appear for interviews, discovery, hearings, trials, and any other proceedings the Bureau may reasonably request upon 10 days written notice, or other reasonable notice, at such places and times as the Bureau may designate, without the service of compulsory process.

XIV **Compliance Monitoring**

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

105. Within 14 days of receipt of a written request from the Bureau, Respondent must submit additional Compliance Reports or other requested non-privileged information, related to requirements of this Consent Order, which must be made under penalty of perjury; provide sworn testimony related to requirements of this Consent Order and Respondent's compliance with those requirements; or produce non-privileged documents related to requirements of this Consent Order and Respondent's compliance with those requirements.
106. Respondent must permit Bureau representatives to interview about the requirements of this consent order and Respondent's compliance with those requirements any employee or other person affiliated with Respondent who has agreed to such an interview. The person interviewed may have counsel present.

107. 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.
108. For the duration of the Order in whole or in part, Respondent agrees to be subject to the Bureau's supervisory authority under 12 U.S.C. § 5514. Consistent with 12 C.F.R. § 1091.111, Respondent may not petition for termination of supervision under 12 C.F.R. § 1091.113.

XV

Modifications to Non-Material Requirements

IT IS FURTHER ORDERED that:

109. 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.
110. The Enforcement Director may, in his or her discretion, modify any non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) if he or she determines good cause justifies the modification. Any such modification by the Enforcement Director must be in writing.

XVI

Administrative Provisions

111. 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.

112. 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.
113. This Consent Order will terminate 5 years from the Effective Date. 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.
114. Calculation of time limitations will run from the Effective Date and be based on calendar days, unless otherwise noted.
115. 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 all applicable provisions of this Consent Order.
116. 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.
117. 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.

118. 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 24 th day of May, 2019.


Kathleen L. Kräninger
Director
Bureau of Consumer Financial Protection