

**UNITED STATES DEPARTMENT OF HOUSING AND URBAN  
DEVELOPMENT**

**CONCILIATION AGREEMENT**

**Between**

**California Reinvestment Coalition  
(Complainant)**

**And**

**CIT Group, Inc., and CIT Bank, N.A. dba OneWest Bank  
(Respondent)**

**Under**

**Title VIII of the Civil Rights Act of 1968, as amended (Fair Housing Act)**

**Approved by the FHEO Regional Director  
on behalf of the United States Department of Housing and Urban Development**

**FHEO CASE NUMBER: 09-17-7199-8**

**Effective Date of Agreement: 7/26/2019**

**Expiration Date of Agreement: 7/26/2022**

A. PARTIES

1. The Parties in this matter are the California Reinvestment Coalition ("Complainant") and CIT Group, Inc. and CIT Bank, N.A. dba OneWest Bank ("Respondent").

B. BACKGROUND

2. On February 14, 2017, Complainant filed a complaint with the United States Department of Housing and Urban Development ("Department"), alleging Respondent discriminated in the marketing and origination of mortgages on the basis of race and national origin in violation of subsections 804(a) and (b) and Section 805 of Title VIII of the Civil Rights Act of 1968, as amended ("Act"). Specifically, Complainant alleged that Respondent's branch locations, marketing, and origination of mortgages discriminated against residents of majority-minority neighborhoods in Respondent's assessment area under the Community Reinvestment Act ("CRA").
3. Respondent denies that it has violated the Act or engaged in any discrimination on the basis of race, national origin or any other prohibited basis. Respondent avers that it is firmly committed to the principles of home ownership, fair housing and equal opportunity and has invested substantially in minority communities in its service areas. Respondent enters into this Conciliation Agreement ("Agreement") solely for the purpose of obtaining administrative closure of this matter and providing important and valuable assistance to minority communities in its service areas.

C. TERM OF AGREEMENT

4. This Agreement shall govern the conduct of the parties to it for a period of three (3) years from its effective date. All of the disbursements, training, and activities that Respondent performs during the term of this Agreement that satisfy the requirements of Section G of this Agreement, including any disbursements, training, or activities that also may be included in Respondent's current or future community reinvestment development plans or business plans, are to be counted towards the satisfaction of the provisions of this Agreement.

D. EFFECTIVE DATE

5. The parties expressly agree that this Agreement constitutes neither a binding contract under state or federal law nor a Conciliation Agreement pursuant to the Act, unless and until such time as it is approved by the Department, through the Office of Fair Housing and Equal Opportunity ("FHEO") Regional Director, or her designee.
6. This Agreement shall become effective on the date on which it is approved by the FHEO Regional Director.

#### E. GENERAL PROVISIONS

7. The parties acknowledge that this Agreement is voluntary and constitutes a full settlement of the Complaint. The parties affirm that they have read and fully understand the terms set forth herein. No party has been coerced, intimidated, threatened or in any way forced to become a party to this Agreement. Each person who signs this Agreement in a representative capacity warrants that his or her execution of this Agreement is duly authorized, executed and delivered by and for the entity for which he or she signs.
8. Respondent acknowledges it has an affirmative duty not to discriminate under the Act and that it is unlawful to retaliate against any person because that person has made a complaint, testified, assisted or participated in any manner in a proceeding under the Act. Respondent further acknowledges that any subsequent retaliation or discrimination constitutes both a material breach of this Agreement and a statutory violation of the Act.
9. This Agreement, after it has been approved by the FHEO Regional Director, or her designee, is binding upon the Complainant, the Respondent, and their respective officers, directors, agents, employees, successors, and assignees.
10. Pursuant to Section 810(b)(4) of the Act, this Agreement shall become a public document upon approval of the FHEO Regional Director or her designee.
11. This Agreement does not in any way limit or restrict the Department's authority to investigate any other complaint involving Respondent made pursuant to the Act, or any other complaint within the Department's jurisdiction.
12. No amendment to, modification of, or waiver of any provisions of this Agreement shall be effective unless: (a) all signatories or their successors to the Agreement agree to the amendment, modification or waiver; (b) the amendment, modification or waiver is in writing; and (c) the amendment, modification or waiver is approved and signed by a duly authorized representative of the Department.
13. The parties agree that the execution of this Agreement may be accomplished by separate execution of consents to this Agreement, and that the original executed signature pages attached to the body of the Agreement constitute one document.
14. Complainant, together with its officers, directors, agents and employees, hereby forever waive, release, and covenant not to sue the Department or Respondent, and their respective affiliates, heirs, executors, assigns, officers, directors, agents, employees and attorneys as well as any successors-in-interest, or pursue any administrative action or civil action, with regard to any and all claims, damages and injuries of whatever nature whether presently known or unknown, arising out of the subject matter of HUD Case Number 09-17-7199-8, or which could have been filed in any action or suit arising from said subject matter, and which accrued through the effective date of this Agreement.

15. Respondent, together with its affiliates, officers, directors, agents, employees, assigns and successors in interest hereby forever waive, release, and covenant not to sue the Department or Complainant, and their respective heirs, executors, assigns, officers, directors, agents, employees and attorneys as well as any successors-in-interest, or pursue any administrative action or civil action, with regard to any and all claims, damages and injuries of whatever nature whether presently known or unknown, arising out of the subject matter of HUD Case Number 09-17-7199-8, or which could have been filed in any action or suit arising from said subject matter, and which accrued through the effective date of this Agreement.
16. It is understood that the Agreement does not constitute an admission by Respondent of any violation of the Act or any other federal or state statute or regulation, nor does the Agreement constitute evidence of a determination by the Department of any violation of the Act or other federal statute or regulation.

**F. GENERAL NON-DISCRIMINATION REQUIREMENTS**

17. Respondent, including all of its officers, employees, agents, representatives, assignees, and successors in interest, and all those in active concert or participation with them, shall refrain from engaging in any act or practice which discriminates on the basis of race or national origin in any aspect of residential real-estate related transactions in violation of the Act.
18. Respondent shall ensure that it provides all persons with an equal opportunity to apply for and obtain credit, including residential loan products, without regard to the race or national origin of any person.

**G. RELIEF IN THE PUBLIC INTEREST**

**Future Locations**

19. Within eighteen (18) months of the Agreement, subject to regulatory approvals required by law, Respondent will open or acquire a retail branch in Respondent's Community Reinvestment Act ("CRA") assessment area (which for purposes of this Agreement is the counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura) in a census tract that has a majority-minority and low-to-moderate income ("LMI") population at the time of the branch opening. The new retail branch will offer all deposit products, credit products, discounts and premiums offered at CIT's other retail branches.

**Affordable Home Mortgage Program**

20. Respondent agrees to originate one hundred million dollars (\$100,000,000) over the term of this agreement in home purchase, home improvement, and home refinancing loans to borrowers in majority-minority census tracts in Respondent's CRA assessment area, for the borrower's primary residence and of a dollar amount

that is within the Government-Sponsored Enterprise ("GSE") conforming loan limit at the time for the census tract applicable to the relevant loan.

21. Within six (6) months of the effective date of this Agreement, Respondent will provide loans that can be used for home improvement, refinancing, or purchase, and will specify no minimum loan amount for residential mortgage loans made by it during the term of this Agreement.
22. Unless otherwise required by law, within six (6) months of the effective date of this Agreement, Respondent will not deny any residential loan solely on the ground that the applicant has a tax identification number rather than a Social Security Number. Respondent will provide an independent second level review process for all denied residential loan applications.
23. Respondent will offer FHA-insured mortgages, together with other residential mortgage loan products at all branches throughout its CRA assessment area and will make best efforts to inform borrowers of all residential loan products for which they potentially could qualify. Within (3) months of the effective date of this agreement, Respondent will include FHA-insured mortgages together with other residential mortgage loan products in all marketing materials at all branches throughout its CRA assessment area.
24. Respondent will make available five million dollars (\$5,000,000) over the term of this Agreement for an Affordable Home Mortgage Program to provide discounts or subsidies on home purchase, home improvement, and home refinancing loans to borrowers in majority-minority census tracts in Respondent's CRA assessment area. Discounts and subsidies under the Affordable Home Mortgage Program could be in the form of closing costs assistance, down-payment assistance, interest rate reduction, or mortgage insurance premium reduction. Such subsidies and discounts will be capped at thirty thousand dollars (\$30,000) per loan and will be limited to loans that are for the borrower's primary residence and are of a dollar amount that is within the GSE conforming loan limit at the time for the census tract applicable to the relevant loan. Within three (3) months of the effective date of this Agreement, Respondent will submit for the Department's approval implementation criteria, including qualification requirements, for applications for such loan subsidies and discounts. If any portion of these funds remains unspent at the end of the term of this Agreement, then Respondent will use the remaining funds for grants to one or more non-profit organizations that promote home ownership opportunities in majority-minority census tracts within Respondent's CRA assessment area.
25. No loans made pursuant to this Agreement shall be required to be made inconsistent with safety and soundness or in contravention of any statutory or regulatory requirements.

**Support for Community Development, Counseling & Related Activities**

26. Respondent will provide one million dollars (\$1,000,000) over the term of this Agreement for grants to government, Community Development Financial Institutions ("CDFIs"), Community Development Corporations ("CDCs"), and other non-profit organizations that provide community services and benefits in Respondent's CRA assessment area, consistent with the definition of community development under the CRA, including but not limited to:
- a. Financial literacy, housing education and counseling for residents in majority-minority census tracts;
  - b. Community services targeted to minority and LMI populations, including but not limited to: financial literacy and education programs and credit counseling; and
  - c. Community revitalization and stabilization.
  - d. Of the one million dollars in grants to be provided pursuant to this paragraph, Respondent will provide two hundred thousand dollars (\$200,000) in grant funds to Complainant to start a program (such as Complainant's Economic Health Promotoras Program) that would conduct outreach in LMI areas and to LMI residents within Respondent's CRA assessment area with the goal of identifying community needs and connecting LMI residents to available nonprofit and community services and resources, such as banking, housing, credit, asset building, and other programs and products. Respondent will provide the first half of the \$200,000 in grant funds (\$100,000) to Complainant within seven (7) months of the effective date of this Agreement and will provide the second half of the \$200,000 in grant funds (\$100,000) within twelve (12) months of the effective date of this Agreement.
27. All grant funding under this Agreement shall be subject to Respondent's reporting and monitoring requirements, including requirements for recipients to provide full cooperation in any monitoring review undertaken by Respondent to ensure compliance with the terms of such funding.

### **Marketing and Outreach**

28. Respondent will provide one million and three hundred thousand dollars (\$1,300,000) over the term of this Agreement for marketing and outreach to consumers in majority-minority census tracts. Such marketing and outreach could include spending on (a) salaries and expenses for a loan origination team focused on consumers in majority-minority census tracts and (b) other marketing and outreach activities for consumers in majority-minority census tracts in Respondent's CRA assessment areas, focused on increasing the visibility among those consumers of Respondent, its product offerings, and the Affordable Home Mortgage Program.
29. Within four (4) months of the effective date of this Agreement, Respondent will provide and promote a language translation services provider for residential mortgage originations that will be available through its contact center and at all of

its branches and also will provide print mortgage marketing materials at all of its branches in Spanish as well as in English.

### **Training**

30. Respondent will require its employees who have a residential mortgage lending job function to attend two (2) hours of fair lending training annually using materials approved by the Department or conducted by a third party approved by the Department. At least one (1) month prior to the annual trainings, Respondent will e-mail the Department via [yana.karnaukhov@hud.gov](mailto:yana.karnaukhov@hud.gov) for review and approval, which will be provided at least two (2) weeks before the scheduled training date.

### **H. RELIEF FOR COMPLAINANT**

31. Within two (2) months from the effective date of this Agreement, Respondent will donate to Complainant one hundred thousand dollars (\$100,000) in the form of a certified or cashier's check to support its ongoing community reinvestment and fair lending work. The check will be mailed to California Reinvestment Coalition, 474 Valencia Street, Suite 230, San Francisco, CA 94103.

### **I. MONITORING**

32. During the period which this Agreement is in effect, Respondent shall preserve all records that are pertinent to determining Respondent's compliance with its obligations under this Agreement.
33. The Department shall determine compliance with the terms of this Agreement. During the term of this Agreement, the Department may review compliance with this Agreement. As part of such review, and upon reasonable notice to counsel for Respondent, representatives from the Department shall be permitted to inspect and copy all records pertinent to determining compliance with the Agreement at any and all reasonable times, or, upon request by the Department, Respondent shall provide copies of such documents. The Respondent agrees to provide good faith cooperation in any monitoring review undertaken by the Department to ensure compliance with this Agreement.

### **J. REPORTING AND RECORDKEEPING**

34. Within ninety (90) days after the end of each calendar year, Respondent will provide the Department with a written report and certification that these requirements have been met. Said report shall provide an accounting of all funds disbursed and include copies of cancelled checks, electronic wire transfer receipts, or other documentation of

payment, as well as evidence of loans made in majority-minority census tracts and of compliance with all terms of Section G of this Agreement.

35. All required certification and documentation of compliance shall be submitted to:

Office of Systemic Investigations  
Office of Fair Housing & Equal Opportunity  
451 7th Street SW, Room 5216  
Washington, DC 20410

K. CONSEQUENCES OF BREACH

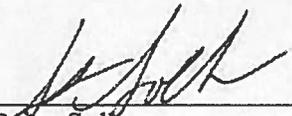
36. Whenever the Department has reasonable cause to believe that Respondent has breached this Agreement, the Department shall first notify Respondent and provide Respondent with a detailed description of the alleged breach(es) and provide Respondent with at least thirty (30) days to respond and/or correct such alleged breach(es) before pursuing any further action. In the event that Complainant reasonably believes that there has been a breach of this Agreement, Complainant shall notify the Department, which shall determine if there is reasonable cause to believe that Respondent has breached this Agreement and shall follow the process set forth in this paragraph.
37. In the event Respondent has not corrected a breach of the Agreement within the time the Department sets in paragraph 37, the matter may be referred to the Attorney General of the United States, to commence a civil action in the appropriate U.S. District Court, pursuant to subsections 810(c) and 814(b)(2) of the Act.

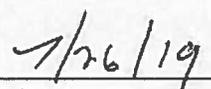
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L. SIGNATURES

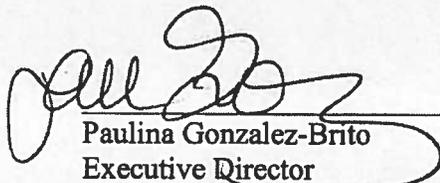
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California Reinvestment Coalition  
(Complainant)

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Date

  
\_\_\_\_\_  
Steve Solk  
President, Consumer Banking  
for CIT Group, Inc. and CIT Bank, N.A.  
(Respondent)

  
\_\_\_\_\_  
Date

L. SIGNATURES



Paulina Gonzalez-Brito  
Executive Director  
for California Reinvestment Coalition  
(Complainant)

7-20-19

Date

\_\_\_\_\_  
Steve Solk  
President, Consumer Banking  
for CIT Group, Inc. and CIT Bank, N.A.  
(Respondent)

\_\_\_\_\_  
Date

M. APPROVAL

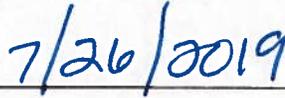
This signature attests to the approval and acceptance of this Conciliation Agreement.



Anné Quesada

Regional Director

Office of Fair Housing and Equal Opportunity



Date