

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

**TITLE VIII
CONCILIATION AGREEMENT**

Between



(Complainant)

And

**Citizens Bank, N.A./Citizens Bank of Pennsylvania
(Respondent)**

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

FHEO CASE NUMBER: 03-15-0471-8

A. PARTIES AND SUBJECT PROPERTIES

1. The parties to this Conciliation Agreement are as follows:

Complainant



Philadelphia, PA 19151

Respondents

Citizens Bank of Pennsylvania
c/o Registered Agent
One Logan Square, 130 N. 18th Street
Philadelphia, PA 19103

Citizens Bank, N.A.
One Citizens Plaza
Providence, RI 02903

James Blake, Loan Originator
Citizens One/Citizens Bank of Pennsylvania
480 Jefferson Boulevard
Mail Stop: RJE 185
Warwick, RI 02886

B. COMPLAINANT'S POSITION

A complaint was filed on August 5, 2015 alleging that Citizens Bank of Pennsylvania ("Citizens Bank") violated § 805 of the Fair Housing Act ("Act") when it advised Complainant that, despite receiving full pay while on maternity leave, she would need to return to work before her application for a home equity line of credit could be approved. Complainant alleges that Citizens Bank knew that she was on maternity leave and discriminatorily denied her loan application due to her sex and familial status.

RESPONDENT'S POSITION

Citizens Bank defends that the Complainant's paystubs indicated that her current compensation was in the form of short-term disability payments. Citizens Bank asserts that it determined that the income was not stable and likely to continue and notified the applicant that the income therefore could not be considered. Citizens Bank defends that the Bank's decision to decline the application was based only on the fact that the amount

of income was insufficient and Complainant's sex or familial status played no role in the underwriting decision. Citizens Bank denies the allegations and admits no liability or wrongdoing of any nature. Citizens Bank nevertheless agrees to settle the claims in the above-referenced cases by entering into this Conciliation Agreement.

C. TERMS OF AGREEMENT

1. This Conciliation Agreement (hereinafter "Agreement") shall govern the conduct of the parties to it for a period of three (3) years from the effective date of this Agreement.

D. EFFECTIVE DATE

2. 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 Fair Housing and Equal Opportunity ("FHEO") Regional Director or his or her designee.
3. This Agreement shall become effective on the date on which it is approved by the Department's FHEO Regional Director or his or her designee.

E. GENERAL PROVISIONS

4. The parties acknowledge that this Agreement is voluntary and constitutes a full settlement of the disputed complaints. The parties affirm that they have read and fully understand the terms set forth herein. The parties agree that they have not been coerced, intimidated, threatened, or in any way forced to become a party to this Agreement.
5. This Agreement does not constitute, and shall not be construed as an admission by Citizens Bank of any liability and/or violation of any Federal, State, or local civil rights statute, law, ordinance or regulation.
6. Citizens Bank acknowledges that there is 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. Citizens Bank further acknowledges that any subsequent retaliation or discrimination constitute both a material breach of this Agreement and a violation of the Act.
7. This Agreement, after it has been approved by the FHEO Region III Director or his or her designee, is binding upon the Complainant, their heirs, personal representatives, and assigns and Citizens Bank, their employees, successors, assignees, and all others active in the ownership or operation of the subject company.
8. Pursuant to Section 810(b)(4) of the Act, this Agreement shall become a public document upon approval of the FHEO Region III Director or his or her designee.

9. This Agreement does not in any way limit or restrict the Department's authority to investigate any other complaint involving Citizens Bank made pursuant to the Act, or any other complaint within the Department's jurisdiction.
10. 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 in writing 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 the FHEO Region III Director.
11. 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.
12. Complainant hereby forever releases, and covenants not to sue the Department or Citizens Bank, their successors assigns, agents, officers, board members, employees, and attorneys 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 the Department Case Numbers 03-15-0471-8.
13. Citizens Bank hereby forever release, and covenant not to sue the Department or Complainant and their successors, assigns, agents, officers, board members, employees and attorneys 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 Department Case Number 03-15-0471-8 or which could have been filed in any action or suit arising from said subject matter.

F. RELIEF FOR COMPLAINANT

Within ten (10) business days of the effective date of the Agreement, Citizens Bank shall pay to Complainant [REDACTED] the sum of forty-thousand dollars (\$40,000). Such payment shall be paid by check made payable to [REDACTED] and mailed to [REDACTED] Philadelphia, PA 19151.

G. PUBLIC INTEREST

1. Citizens Bank agrees to comply with the fair lending requirements of the Fair Housing Act, as amended (42 U.S.C. §§ 3600-3619). In accordance with the Act, Citizens Bank specifically agrees that it shall provide full and fair access to all home loan products regardless of an applicant's race, color, religion, sex, disability, national origin or familial status which includes any person who is pregnant or is in the process of securing legal custody of any individual who has not attained the age of 18 years.

- 2 Within forty-five (45) days of the effective date of the agreement, Citizens Bank shall provide at least one training session provided by a fair housing subject matter expert to Loan Originators, Loan Processors, and Underwriters including all employees with significant involvement in Home Equity Lines of Credit residential lending to ensure that their activities are conducted in a nondiscriminatory manner. The training will also include guidelines and requirements that are applicable when an applicant is pregnant or on maternity leave. Citizens Bank must submit to HUD a copy of the training materials used and evidence that all said employees received the training.
- 3 Citizens Bank agrees to take additional actions as it determines may be needed to promote fair lending and ensure compliance with the Fair Housing Act.
- 4 Within forty-five (45) days of execution of this agreement, Citizens Bank will adopt the Parental Leave Policy attached as Exhibit A, which sets forth the company's policy addressing the availability of all home loan products regardless of an Applicant's status as pregnant or an Applicant taking pregnancy or maternity leave.
- 5 Commitment to Fair Housing: Citizens Bank will provide a monetary payment in the sum of Seventy-Five Thousand dollars (\$75,000) payable to a HUD approved fair housing or advocacy organization. Payment will be made within thirty (30) days of HUD approving an organization to receive such sum, as a donation.

H. MONITORING

1. For the duration of this Agreement, Citizens Bank shall retain its records relating to its obligations hereunder, which include underwriting guidelines, training materials and the certification(s) provided. The Department shall have the right to review and copy such records upon request. Citizens Bank agrees to provide their full cooperation in any monitoring review undertaken by HUD to ensure compliance with this Agreement.
2. Within fifteen (15) days of the effective date of this Agreement, Citizens Bank shall certify to the Department that it has complied with paragraph F of this Agreement.
3. Within sixty (60) days of the effective date of this Agreement, Citizens Bank shall certify to the Department that it has complied with sections G2 and G4 of this agreement.
4. Within ten (10) days of completing section G5 of this Agreement, Citizens Bank shall certify to the Department that it has complied with this provision.

All required certifications and documentation of compliance must be submitted to:

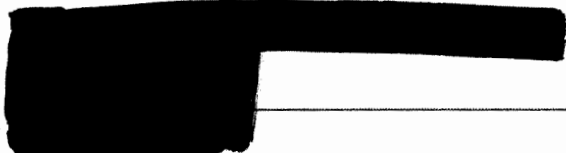
Rachel Leith, Enforcement Branch Chief
Department of Housing and Urban Development

Office of Fair Housing and Equal Opportunity
10 S. Howard Street, 5th Floor
Baltimore, MD 21201

I. **ADMINISTRATION**

1. The requirements of this Agreement shall be in effect for three (3) years, unless an extension is necessary to complete the actions mandated by the Agreement.
2. Any time limits for performance fixed by this Agreement may be extended by mutual written agreement of Citizens Bank and the FHEO Region III Director or his or her designee.
3. The Department shall retain jurisdiction of this matter for the duration of this Agreement to enforce the terms of the Agreement. Whenever the Department has reasonable cause to believe that the Citizens Bank has breached this Agreement, 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 §§ 810(c) and 814(b)(2) of the Act.

J. SIGNATURES


Complainant

7/11/2016
Date

K. APPROVAL

Melody Taylor-Blancher, FHEO Regional Director
U.S. Department of Housing and Urban Development
Region III

Date

Lender Model Parental Leave Policy

Policy	<p>It is the policy of the lender to prohibit discrimination on the basis of familial status and gender, in addition to other bases that are prohibited by state and federal law. Regarding situations involving parental leave, an applicant on parental leave is not ineligible for loan approval merely because of such leave status. The lender, consistent with its investors' guidelines to which the lender generally underwrites loan applications to, may approve an applicant on parental leave provided: (a) the application meets applicable underwriting requirements; and (b) the income used to qualify the applicant is sufficient to meet applicable debt-to-income ratios.</p> <p>If a borrower is not currently on parental leave, the lender must not ask if he or she intends to take leave in the future.</p> <p>An applicant that is on, or scheduled to be on, parental leave may still qualify for loan approval. If the employer confirms that the borrower is currently on temporary leave, the lender must consider the borrower employed. It is not a violation of this Policy to document the level and continuity of income before, during, and after parental leave as necessary and appropriate to qualify the applicant for a mortgage loan. Consistent with prudential underwriting requirements, if the borrower will not return on or before the date the first payment is due, the lender may evaluate income received while on leave and determine whether the applicant intends to return to work.</p> <p>It is the lender's policy not to originate a mortgage loan application with an investor that requires an otherwise qualified applicant, as set forth in this Policy, on parental leave to return to active employment before an application will be approved or before an approved application will be funded. In the event that an investor will not allow for the approval or funding of an application that the lender otherwise believes meets the requirements of this Policy and other generally applicable underwriting requirements, the lender will approve and fund the application with another investor.</p>
Definition	Parental leave, commonly referred to as "maternity leave" or "pregnancy leave," covers all applicants regardless of gender and applies to situations in which an applicant is on paid or

Lender Model Parental Leave Policy

	unpaid leave status with their current employer due to pregnancy, birth, or securing legal custody (including adoption or foster care) of a child.
Effective Date	TBD
Procedure	<p>With regard to persons on parental leave, if the applicant properly documents all of the following requirements and meets other non-income related underwriting requirements, it is the lender's policy to approve the application:</p> <ol style="list-style-type: none">(1) Provide written documentation stating that the applicant intends to return to active employment. A signed letter or an email from the applicant shall suffice for this requirement.(2) Provide written documentation from the applicant's employer confirming the expected return to active work status. A document, signed letter, or email from the applicant's employer or designee of the employer shall suffice for this requirement. <p>Either the applicant or the employer may provide the return to work date in their written documentation. The lender shall not require that written documentation from both the applicant and the employer include the return to work date. The lender shall calculate the level of income necessary to meet the underwriting requirements pursuant to temporary leave policies of Freddie Mac or Fannie Mae.</p> <p>If an applicant is on, or is scheduled to be on, parental leave, such status shall not disqualify the applicant, provided that applicant will return to work on or before the date the first payment is due or the available liquid reserves or non-employment related income is sufficient, during the period between the date the first payment is due and the applicant's scheduled return to work, to qualify the applicant according to generally applicable underwriting requirements (e.g. debt-to-income ratios). If an applicant is unable to demonstrate such sufficient available liquid reserves or alternative sources of income necessary to meet generally applicable underwriting requirements, it is not a violation of this Policy for the lender to deny or place into suspense an application until such time that</p>

**Lender
Model Parental Leave Policy**

	the applicant's available liquid reserves or income is sufficient to meet such requirements.
Controls and Monitoring	The lender will require initial and annual training of all production employees regarding this policy.