

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

ADMINISTRATIVE PROCEEDING

File No. 2015-CFPB-0007

In the Matter of:

**R M K Financial Corporation, also
doing business as Majestic Home
Loans**

CONSENT ORDER

The Consumer Financial Protection Bureau (Bureau) has reviewed the mortgage origination advertising activities of R M K Financial Corporation (Respondent or RMK Financial, as defined below) and has identified deceptive and misleading acts and practices in violation of sections 1031 and 1036 of the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5531 and 5536, and section 626 of the Omnibus Appropriations Act of 2009 and its implementing regulation, the Mortgage Acts and Practices Rule (MAP Rule or Regulation N), 12 C.F.R. pt. 1014. In addition, Respondent failed to include certain required disclosures and meet other requirements in its advertisements for mortgage loans in violation of the Truth in Lending Act, 15 U.S.C. §§ 1601 et seq., and its implementing regulation, Regulation Z, 12 C.F.R. pt. 1026 (collectively, TILA). Under sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, the Bureau issues this Consent Order (Consent Order).

I

Overview

1. Respondent committed deceptive acts or practices by using the names, logos, and seals of the U.S. Department of Veterans Affairs (VA) and Fair Housing Administration (FHA) in its mortgage advertisements in such a way that the net impression of the advertisements falsely implied that they were sent by the VA or FHA, or that the company or the advertised mortgage products were endorsed or sponsored by the VA or FHA. The advertisements also contained misrepresentations about the price of the advertised mortgages, including whether the advertised interest rates were fixed or variable. Respondent also violated Regulation N, also known as the Mortgage Acts and Practices Rule (MAP Rule), by misrepresenting that the advertising entity “is, or is affiliated with, any governmental entity;” misrepresenting that its products and services were “endorsed, sponsored by, or affiliated with” a government program “through the use of formats, symbols, or logos that resemble those” of the U.S. government; misrepresenting the “source of any commercial communication;” and misrepresenting, in its mortgage advertisements, the fixed or variable nature of the interest to be charged and the amounts of the payments. Finally, Respondent violated TILA by failing to include required disclosures regarding interest rates and monthly payments in its mortgage advertisements. Respondent sent these advertisements to more than 100,000 consumers during the Relevant Period.

II

Jurisdiction

2. The Bureau has jurisdiction over this matter under sections 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565; section 108 of the Truth in Lending Act, 12 U.S.C.

§ 1607; and section 626 of the Omnibus Appropriations Act of 2009, as amended by section 1097 of the CFPA, 12 U.S.C. § 5538.

III

Stipulation

3. Respondent has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated April 1, 2015 (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.

IV

Definitions

4. The following definitions apply to this Consent Order:
- a. “Effective Date” means the date on which this Consent Order is issued.
 - b. “Enforcement Director” means the Assistant Director of the Office of Enforcement for the Consumer Financial Protection Bureau, or his or her delegee.
 - c. “Related Consumer Action” means a private action by or on behalf of one or more consumers or an enforcement action by another governmental agency brought against Respondent based on substantially the same facts as described in Section V of this Consent Order.
 - d. “Relevant Period” means the period from June 1, 2013 to the date of this Consent Order.

- e. “Respondent” or “RMK Financial” means R M K Financial Corporation, which has also done business as Majestic Home Loan and All Day Loan, and its successors and assigns.

V

Bureau Findings and Conclusions

The Bureau finds the following:

5. Respondent RMK Financial is a mortgage lender headquartered in Rancho Cucamonga, California.
6. Respondent markets and sells mortgage credit products to consumers, including mortgages guaranteed by the VA and mortgages insured by the FHA.
7. During the Relevant Period, Respondent used print mailers to market mortgages.
8. Respondent sent the mailers on a weekly basis. Over the course of the Relevant Period, the mailers were sent to more than 100,000 individual consumers.
9. Respondent’s print mailers featured phone numbers that consumers could call to speak to Respondent’s employees or other agents about the advertised mortgages.
10. Respondent’s loan officers and sales personnel sold mortgages to consumers over the phone.
11. Respondent is a “covered person” as that term is defined by 12 U.S.C. § 5481(6), because it is a corporation that engages in offering and providing residential mortgage loans, which are “consumer financial product[s] or service[s]” under the CFPA. 12 U.S.C. §§ 5481(5), (6), (15)(A)(i), (19).
12. RMK Financial is a “person” within the meaning of Regulation N, 12 C.F.R. § 1014.2, because it is a corporation.

13. RMK Financial is subject to the relevant provisions of TILA because it is a business that regularly offers or extends credit to consumers, subject to a finance charge, that is primarily for personal, family, or household purposes. 12 C.F.R. § 1026.1(c).

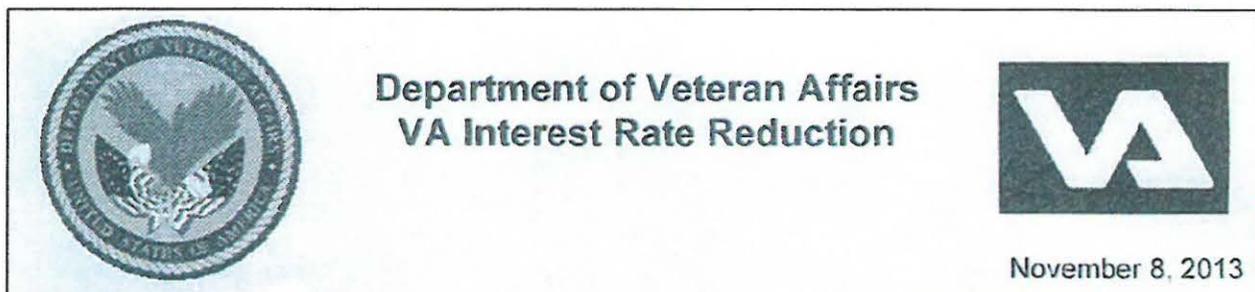
**Findings and Conclusions
as to Misrepresentation of Government Relationship**

14. Respondent's mortgage advertisements used the names, logos, and seals of the VA and FHA, as well as other design elements, in such a manner that the net impression of the advertisements was misleading, giving the false impression that the advertisements were sent, endorsed, or sponsored by a U.S. government agency.

15. The advertisements for VA-guaranteed refinance loans featured a large VA seal on the top of the advertisement, along with the VA logo and the words "Department of Veteran Affairs" in the top middle.

16. Respondent sent its advertisements to tens of thousands of U.S. military servicemembers and veterans and other holders of VA-guaranteed mortgages.

17. Respondent's typical VA-guaranteed mortgage advertisement included this header (with various dates):



18. Below the advertised phone number, the advertisements referred to the "VA Interest Rate Reduction Department."

19. Respondent never had a "VA Interest Rate Reduction Department."

20. The advertisements were sent in a pressure-sealed mailer format with various warnings on the outside citing the United States Code and threatening fines and imprisonment for tampering with the letter.

21. The advertisements for FHA-insured refinance loans used the words “Federal Housing Administration” at the top of the page, along with a large, prominent FHA Approved Lending Institution logo. The first paragraph of the letter repeated the words “Federal Housing Administration” in bold letters and referred to the product being offered as a “distinctive program offered by the U.S. Government.”

22. Below the advertised phone number, the FHA advertisements referred to the “FHA Streamline Department.”

23. Respondent never had an “FHA Streamline Department.”

24. The advertisements were sent in a pressure-sealed mailer format that announced “FHA Benefits” and contained the image of the Statue of Liberty on the outside.

25. Because of these various design elements, the net impressions created by the advertisements were likely to mislead reasonable consumers about the source of the advertisements, and, in particular, whether they were sent by a government agency.

26. The net impressions created by the advertisements were also likely to mislead reasonable consumers about whether Respondent was or was affiliated with the FHA or VA.

27. Finally, the net impressions created by the advertisements were likely to mislead reasonable consumers about whether the mortgages being offered were related to a government benefit or were endorsed or sponsored by a government program.

28. A goal of the mailing campaign was to persuade consumers to call Respondent about the advertised mortgage products.

29. The company had call center agents and loan officers waiting to receive the consumers' calls.

30. Some consumers who called in response to one of Respondent's mailers asked whether the mailers were sent by the FHA or VA. Additionally, some consumers asked whether they were on the phone with an FHA or VA agent.

31. On some calls with consumers, Respondent's employees or other agents falsely stated or implied that the company was part of or endorsed by the FHA or VA.

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

33. Regulation N, 12 C.F.R. § 1014.3, prohibits any person from making "any material misrepresentation, expressly or by implication, in any commercial communication, regarding any term of any mortgage credit product."

34. As described in Paragraphs 14 to 31, in connection with the advertising, marketing, promoting, offering for sale, or sale of mortgages, in numerous instances, Respondent has represented, expressly or impliedly, that Respondent was, or was affiliated with, the VA or FHA; that Respondent's mortgage products were endorsed or sponsored by the VA or FHA; and that Respondent's advertisements disseminated to consumers were sent by the VA or FHA.

35. In fact, Respondent was not the VA or FHA, nor was it affiliated with those agencies; Respondent's mortgage products — even if insured or guaranteed by the VA or FHA — were not endorsed or sponsored by the VA or FHA; and Respondent's advertisements disseminated to consumers were not sent by the VA or FHA.

36. Thus, Respondent's representations, as described in Paragraph 34, constitute: (a) 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); and (b) material misrepresentations, in a commercial communication, regarding the terms of a mortgage credit product, in violation of Regulation N, 12 C.F.R. § 1014.3.

Findings and Conclusions as to Misrepresentation of the Variability of the Advertised Interest Rates and Monthly Payment Amounts

37. The bulk of Respondent's mailers advertised variable-rate mortgage loans, but they failed to state that the advertised rates were variable, except in small print on the outside of the mailer—the back of the advertisement.

38. The text on the outside of the mailer was not clear and conspicuous.

39. A reasonable consumer reviewing the advertisements was likely to believe that the mailers were advertising fixed, not variable, rates.

40. The advertisements induced many consumers to call Respondent to inquire about low interest-rate mortgages.

41. Recorded phone calls with consumers confirm that many consumers did not notice the disclosure on the back of the advertisement and they believed the advertised rate was for a fixed-rate loan.

42. In fact, the fixed-rate loans offered by Respondent typically had higher interest rates than the variable rates advertised on Respondent's mailers.

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

44. Regulation N, 12 C.F.R. § 1014.3, prohibits any person from making "any material misrepresentation, expressly or by implication, in any commercial communication, regarding any term of any mortgage credit product."

45. As described in Paragraphs 37 to 42, in connection with the advertising, marketing, promoting, offering for sale, or sale of mortgages, in numerous instances, Respondent has represented, expressly or impliedly, in mortgage advertisements disseminated to consumers, that the advertised interest rate and monthly payment amount was fixed.

46. In fact, the interest rates and monthly payment amounts featured in the bulk of Respondent's advertisements were variable.

47. Thus, Respondent's representations, as described in Paragraph 45 constitute: (a) 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); and (b) material misrepresentations, in a commercial communication, regarding the terms of a mortgage credit product, in violation of Regulation N, 12 C.F.R. § 1014.3.

Findings and Conclusions as to Violations of TILA

48. Respondent's mortgage advertisements violated TILA by failing to properly disclose four elements: the fact that the advertised products were adjustable rate mortgages; the applicable variable interest rates over the life of the loan and the periods of time when those interest rates would apply; the amount of each payment that would apply over the term and the period of time during which each payment amount would apply; and the fact that the estimated payment amount did not include any taxes or insurance that would apply.

Variability of the Advertised Rates

49. Under Regulation Z, 12 C.F.R. §§ 1026.24(b) and 1026.24(c), if the annual percentage rate applicable to an advertised closed-end credit product may be increased after consummation, the advertisement must state that fact “clearly and conspicuously.”

50. As described in Paragraphs 37 to 42, Respondent advertised mortgages for which the annual percentage rate could be increased after consummation, but did not disclose that fact clearly or conspicuously.

51. Thus, Respondent’s variable-rate mortgage advertisements violated 12 C.F.R. §§ 1026.24(b) and 1026.24(c).

Advertised Interest Rates

52. Under Regulation Z, 12 C.F.R. §§ 1026.24(f)(2)(i)(A), 1026.24(f)(2)(i)(B), and 1026.24(f)(2)(ii), advertisements for variable-rate mortgages that state an advertised interest rate must disclose each simple annual rate of interest that would apply over the life of the loan, and the period of time during which each simple annual rate of interest would apply, with “equal prominence” and “in close proximity” to the advertised interest rate.

53. All of Respondent’s mailers advertised one simple annual interest rate and annual percentage rate (APR) on the front of the mailer.

54. Some of Respondent’s mailers did not disclose, anywhere on the mailer, the other simple annual rates of interest that would apply over the life of the loan or the period of time during which each rate would apply.

55. Some of Respondent’s mailers disclosed the variable interest rates and applicable time periods, but did so only in a small disclosure on the outside of the pressure-sealed mailer (the back of the advertisement).

56. On those mailers, the disclosure of how the adjustable interest rates would vary over time was located far from the advertised interest rate. It could not be viewed at the same time as the advertised interest rate, since it was printed on the back side of the page.

57. The disclosure of the adjustable interest rates and applicable time periods on the back of the page was printed in smaller font than the advertised interest rate on the front of the mailer.

58. As described in Paragraphs 54 to 57, Respondent's advertisements for variable-rate mortgages did not disclose each simple annual rate of interest that would apply, or the period of time during which they would apply, with "equal prominence" and "in close proximity" to the advertised interest rate.

59. Thus, Respondent's variable-rate mortgage advertisements violated 12 C.F.R. §§ 1026.24(f)(2)(i)(A), 1026.24(f)(2)(i)(B), and 1026.24(f)(2)(ii).

Advertised Payment Amounts

60. Under Regulation Z, 12 C.F.R. §§ 1026.24(f)(3)(i)(A), 1026.24(f)(3)(i)(B), and 1026.24(f)(3)(ii), advertisements for variable-rate mortgages that state an estimated payment amount must disclose the amount of each payment that would apply over the term of the loan, and the period of time during which each payment would apply, with "equal prominence" and "in close proximity" to the advertised payment amount.

61. All of Respondent's mailers advertised one "Estimated New Monthly Payment" on the front of the mailer.

62. Some of Respondent's mailers did not disclose, anywhere on the mailer, the other monthly payment amounts that would apply over the term of the loan or the periods of time when those payment amounts would apply.

63. Some of Respondent's mailers disclosed the variable payment amounts and applicable time periods, but did so only in a small disclosure on the outside of the pressure-sealed mailer (the back of the advertisement).

64. On those mailers, the disclosure of how the payment amounts would vary over time was located far from the advertised interest rate. It could not be viewed at the same time as the advertised interest rate, since it was printed on the back side of the page.

65. The disclosure of the variable payment amounts and applicable time periods on the back of the page was printed in smaller font than the advertised monthly payment amount on the front of the mailer.

66. As described in Paragraphs 61 to 65, Respondent's variable-rate advertisements did not disclose the amount of each payment that would apply over the term of the loan, or the period of time during which each payment would apply, with "equal prominence" and "in close proximity" to the advertised interest rate.

67. Thus, Respondent's mortgage advertisements violated 12 C.F.R. §§ 1026.24(f)(3)(i)(A), 1026.24(f)(3)(i)(B), and 1026.24(f)(3)(ii).

Taxes and Insurance Premiums

68. Under Regulation Z, 12 C.F.R. §§ 1026.24(f)(3)(i)(C) and 1026.24(f)(3)(ii), advertisements for variable-rate mortgages that state an estimated payment amount not including any taxes and insurance premiums must expressly state that fact. The advertisements must also state that the actual payment obligation would be greater than the estimated amount. Those statements must be "clear and conspicuous," "with prominence and in close proximity to the advertised payments."

69. Respondent's mailers advertised an "Estimated New Monthly Payment," but that estimate included only principal and interest, omitting any taxes or insurance that

would apply. There was no disclosure of that fact, nor any other mention of taxes or insurance, in the advertisements.

70. As described in Paragraph 69, Respondent's advertisements for mortgages stated an estimated payment amount that did not include any taxes and insurance premiums that would apply, but did not state that fact or state that the actual payment obligation would be greater than the estimated amount.

71. Thus, Respondent's mortgage advertisements violated 12 C.F.R. §§ 1026.24(f)(3)(i)(C) and 1026.24(f)(3)(ii).

ORDER

VI

Conduct Provisions

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

72. Respondent and its officers, agents, servants, and employees who have actual notice of this Consent Order, whether acting directly or indirectly, may not violate, including by taking reasonable measures to ensure that its service providers and other agents do not violate, sections 1031 and 1036 of the CFPA, 12 U.S.C. §§ 5531 and 5536, or Regulation N (the MAP Rule), 12 C.F.R. § 1014.3.

73. Respondent and its officers, agents, servants, and employees who have actual notice of this Consent Order, whether acting directly or indirectly, in connection with the advertising, marketing, promotion, offering for sale, or sale of any mortgage credit product, may not misrepresent, or assist others in misrepresenting, expressly or impliedly:

- a. That Respondent is, or is affiliated with, the VA or FHA;

- b. That Respondent's mortgage products are endorsed or sponsored by the VA or FHA;
 - c. That Respondent's advertisements disseminated to consumers are sent by the VA or FHA;
 - d. The fixed or variable nature of the advertised interest rates as well as the monthly payments associated with Respondent's mortgage credit products; or
 - e. Any other fact material to consumers concerning mortgage credit products, such as the total costs; any material restrictions, limitations, or conditions; or any material aspect of its performance, efficacy, nature, or central characteristics.
74. Respondent, and its officers, agents, servants, and employees who have actual notice of this Consent Order, whether acting directly or indirectly, may not violate, including by taking reasonable measures to ensure that its service providers and other agents do not violate, Regulation Z, 12 C.F.R. § 1026.24.

VII

Compliance Plan

IT IS FURTHER ORDERED that:

75. Within 30 days of the Effective Date, Respondent must submit to the Enforcement Director for review and determination of non-objection a comprehensive compliance plan designed to ensure that Respondent's mortgage advertisements comply with all applicable Federal consumer financial laws and the terms of this Consent Order (Compliance Plan). The Compliance Plan must include, at a minimum:
- a. Detailed steps for addressing each action required by this Consent Order; and
 - b. Specific timeframes and deadlines for implementation of the steps described above.

76. The Enforcement Director will have the discretion to make a determination of non-objection to the Compliance Plan or direct the Respondent to revise it. If the Enforcement Director directs the Respondent to revise the Compliance Plan, the Respondent must make the revisions and resubmit the Compliance Plan to the Enforcement Director within 30 days of the receipt of that direction.

77. After receiving notification that the Enforcement Director has made a determination of non-objection to the Compliance Plan, the Respondent must implement and adhere to the steps, recommendations, deadlines, and timeframes outlined in the Compliance Plan.

VIII

Order to Pay Civil Money Penalties

IT IS FURTHER ORDERED that:

78. Under section 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the violations of law described in Section V of this Consent Order, and taking into account the factors in 12 U.S.C. § 5565(c)(3), including the size of financial resources and good faith of the person charged, Respondent must pay a civil money penalty of \$250,000 to the Bureau.

79. 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.

80. 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).

81. 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.

82. 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 monetary remedies imposed in the Related Consumer Action because of the civil money penalty paid in this action (Penalty Offset). If the court in any Related Consumer Action grants such a Penalty Offset, Respondent must, within 30 days after entry of a final order granting the Penalty Offset, notify the Bureau, and pay the amount of the Penalty Offset to the U.S. Treasury. Such a payment will not be considered an additional civil money penalty and will not change the amount of the civil money penalty imposed in this action.

83. 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.

84. 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.

85. 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.

86. 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.

87. Under section 604(a)(1) of the Fair Credit Reporting Act, 15 U.S.C. § 1681b(a)(1), any consumer reporting agency may furnish a consumer report concerning the Respondent to the Bureau, which may be used for purposes of collecting and reporting on any delinquent amount arising out of this Consent Order.

IX

Reporting Requirements

IT IS FURTHER ORDERED that:

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

before the development or as soon as practicable after the learning about the development, whichever is sooner.

89. 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.

90. Respondent must report any change in the information required to be submitted under Paragraph 89 at least 30 days before the change or as soon as practicable after learning about the change, whichever is sooner.

91. 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. Describes in detail the manner and form in which Respondent has complied with this Order; and
- b. Attaches a copy of each Order Acknowledgment obtained under Section X, unless previously submitted to the Bureau.

92. After the one-year period, Respondent must submit to the Enforcement Director additional Compliance Reports within 14 days of receiving a written request from the Bureau.

X

Order Distribution and Acknowledgment

IT IS FURTHER ORDERED that:

93. Within 7 days of the Effective Date, Respondent must submit to the Enforcement Director an acknowledgment of receipt of this Consent Order, sworn under penalty of perjury.

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

95. 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.

96. 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:

97. Respondent must create, for at least 5 years from the Effective Date, the following

business records:

- a. All documents and records necessary to demonstrate full compliance with each provision of this Consent Order, including all submissions to the Bureau.
 - b. Copies of all materially different versions of Respondent's sales scripts; training materials; advertisements; websites; and other marketing materials; and including any such materials used by a third party on behalf of Respondent.
 - c. Accounting records showing the gross and net revenues generated by the sale of Respondent's VA-guaranteed and FHA-insured mortgage credit products;
 - d. All consumer complaints and refund requests (whether received directly or indirectly, such as through a third party), and any responses to those complaints or requests.
 - e. Records showing, for each service provider providing mortgage advertising, marketing, or lead generation services, the name of a point of contact, and that person's telephone number; email, physical, and postal address; job title or position; dates of service; and, if applicable, the reason for termination.
98. Respondent must retain the documents identified in Paragraph 97 for at least 5 years.
99. Respondent must make the documents identified in Paragraph 97 available to the Bureau upon the Bureau's request.

XII

Notices

IT IS FURTHER ORDERED that:

100. 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* R M K Financial Corporation, File No. 2015-CFPB-0007" and send them either:

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

Assistant Director for Enforcement
Consumer Financial Protection Bureau
ATTENTION: Office of Enforcement
1625 Eye Street, N.W.
Washington D.C. 20006; or

- b. By first-class mail to the below address and contemporaneously by email to Enforcement_Compliance@cfpb.gov:

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

XIII

Compliance Monitoring

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

101. Within 14 days of receipt of a written request from the Bureau, Respondent must submit additional compliance reports or other requested information, which must be made under penalty of perjury; provide sworn testimony; or produce documents.

102. For purposes of this Section, the Bureau may communicate directly with Respondent, unless Respondent retains counsel related to these communications.

103. Respondent must permit Bureau representatives to interview any employee or other person affiliated with Respondent who has agreed to such an interview. The person interviewed may have counsel present.

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

105. For the duration of the Consent 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.

XIV

Modifications to Non-Material Requirements

IT IS FURTHER ORDERED that:

106. 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.

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

XV

Administrative Provisions

108. The provisions of this Consent Order do not bar, estop, or otherwise prevent the Bureau, or any other governmental agency, from taking any other action against Respondent, except as described in Paragraph 109.

109. The Bureau releases and discharges Respondent from all potential liability for law violations that the Bureau has or might have asserted based on the practices described in Section V of this Consent Order, to the extent such practices occurred

before the Effective Date and the Bureau knows about them as of the Effective Date. The Bureau may use the practices described in this Consent Order in future enforcement actions against Respondent and its affiliates, including, without limitation, to establish a pattern or practice of violations or the continuation of a pattern or practice of violations or to calculate the amount of any penalty. This release does not preclude or affect any right of the Bureau to determine and ensure compliance with the Consent Order, or to seek penalties for any violations of the Consent Order.

110. This Consent Order is intended to be, and will be construed as, a final Consent Order issued under section 1053 of the CFPB, 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.

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

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

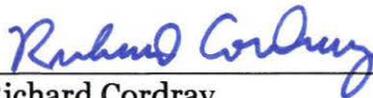
113. The provisions of this Consent Order will be enforceable by the Bureau. For any violation of this Consent Order, the Bureau may impose the maximum amount of civil

money penalties allowed under section 1055(c) of the CFPB, 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.

114. 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.

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

IT IS SO ORDERED, this 8th day of April, 2015.



Richard Cordray
Director
Consumer Financial Protection Bureau