

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

ADMINISTRATIVE PROCEEDING
File No. 2023-CFPB-0002

In the Matter of:

CONSENT ORDER

RMK Financial Corp. d/b/a Majestic
Home Loan or MHL

The Consumer Financial Protection Bureau (Bureau) has reviewed the advertising practices of RMK Financial Corp. (Respondent, as defined below), including its compliance with a Consent Order issued by the Bureau on April 9, 2015 (2015 Consent Order), and has identified violations of the 2015 Consent Order; the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5481–5603; Regulation Z, 12 C.F.R. Part 1026, the implementing regulation of the Truth in Lending Act (TILA), 15 U.S.C. §§ 1601–1667f; and the Mortgage Acts and Practices—Advertising Rule (Regulation N), 12 C.F.R. Part 1014. Under §§ 1053 and 1055 of the Consumer Financial Protection Act of 2010 (CFPA), 12 U.S.C. §§ 5563, 5565, the Bureau issues this Consent Order (Consent Order).

I.

Overview

1. Respondent is a mortgage lender that markets and originates consumer mortgages, including mortgages guaranteed by the United States Department of Veterans Affairs (VA) and mortgages insured by the Federal Housing Administration (FHA).
2. Respondent has advertised these mortgage products to consumers, including through direct-mail advertising campaigns.
3. In 2015, the Bureau found that Respondent had disseminated numerous advertisements for mortgages that contained deceptive representations in violation of the CFPB and Regulation N, including advertisements sent to U.S. military servicemembers and veterans that used the names and logos of the VA and FHA in a way that falsely implied that the advertisements were sent by the VA or FHA and advertisements that misrepresented the loan's interest rates and monthly payments. The Bureau also found that Respondent had disseminated numerous advertisements for mortgages that failed to include certain disclosures about the advertised interest rates and payments that Regulation Z requires to prevent consumers from being misled. The Bureau and Respondent agreed to resolve those findings without litigation through a consent order that required Respondent to pay a civil

penalty and to abide by a series of prohibitions against the types of misrepresentations and other violations the Bureau found in Respondent's mortgage advertisements.

4. After the 2015 Consent Order went into effect and through 2019, Respondent disseminated over seven million mortgage advertisements that made false or misleading representations or contained inadequate or impermissible disclosures, in violation of the 2015 Consent Order, the CFPA, Regulation N, and Regulation Z. Many of these advertisements reflected the same types of deceptive and other unlawful advertising practices that were the subject of the Bureau's findings and expressly prohibited by the 2015 Consent Order.
5. Many, if not all, of these unlawful practices occurred at the direction of the Respondent's late Chief Executive Officer and sole owner or, at a minimum, with his knowledge, despite the concerns and objections expressed by Respondent's compliance vendor and compliance officer that the advertisements were deceptive or otherwise violated Federal consumer financial laws.

II.

Jurisdiction

6. The Bureau has jurisdiction over this matter under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563 and 5565; § 108 of the Truth in Lending Act, 12 U.S.C. § 1607; and § 626 of the Omnibus Appropriations Act of 2009, as amended by § 1097 of the CFPA, 12 U.S.C. § 5538.

III.

Stipulation

7. Respondent has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated February 21, 2023 (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 §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 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

8. The following definitions apply to this Consent Order:
 - a. **“Assisting Others”** includes, but is not limited to:

- i. formulating or providing, or arranging for the formulation or provision of, any advertising or marketing material, including, but not limited to, any telephone sales script, direct mail solicitation, or the text of any Internet website, email, or other electronic communication or advertisement;
- ii. formulating or providing, or arranging for the formulation or provision of, any marketing support material or service, including, but not limited to, web or Internet Protocol addresses or domain name registrations for any Internet websites, affiliate marketing services, or media placement services;
- iii. providing names of, or assisting in the generation of, potential customers;
- iv. investing or loaning money;
- v. providing paralegal or administrative support services;
- vi. performing customer service functions, including but not limited to, receiving or responding to consumer complaints;
- vii. acting or serving as an owner, officer, director, manager, or principal of any entity; and
- viii. consulting in any form whatsoever.

- b. **“Effective Date”** means the date on which the Consent Order is entered on the administrative docket.
- c. **“Enforcement Director”** means the Assistant Director of the Office of Enforcement for the Consumer Financial Protection Bureau, or his or her delegate.
- d. **“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.
- e. **“Relevant Period”** includes from April 9, 2015, to the Effective Date.
- f. **“Respondent”** means RMK Financial Corp., including Majestic Home Loan and MHL, and its successors and assigns.

V.

Bureau Findings and Conclusions

The Bureau finds the following:

- 9. Respondent is a California corporation with its principal place of business in Ontario, California.
- 10. Respondent is a nonbank that is licensed as a mortgage broker or lender in at least 30 states and Puerto Rico.

11. Throughout the Relevant Period, Respondent has been a “person,” as defined in the CFPA, 12 U.S.C. § 5481(19), Regulation Z, 12 C.F.R. § 1026.2(a)(22), and Regulation N, 12 C.F.R. § 1014.2, because it is a corporation.
12. Throughout the Relevant Period, Respondent has been a “covered person” under the CFPA, 12 U.S.C. § 5481(6), because it is a person 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).
13. Throughout the Relevant Period, Respondent has been subject to Regulation N because it is a person over which the Federal Trade Commission has jurisdiction under the Federal Trade Commission Act, 15 U.S.C. §§ 41–58. 12 C.F.R. § 1014.1. Regulation N is a Federal consumer financial law. 12 U.S.C. § 5481(14).
14. Throughout the Relevant Period, Respondent has provided “mortgage credit product[s],” as that term is defined in Regulation N. 12 C.F.R. § 1014.2.
15. Throughout the Relevant Period, Respondent’s mortgage advertisements have been “commercial communications” regarding a term of a “mortgage credit product,” as those terms are defined in 12 C.F.R. § 1014.2.

16. Throughout the Relevant Period, Respondent has offered “closed-end credit” in the form of mortgage loans to “consumers,” as those terms are defined in Regulation Z. 12 C.F.R. § 1026.2(a)(10) & (11).
17. Throughout the Relevant Period, Respondent’s mortgage advertisements have been advertisements for “closed-end credit,” as that term is defined in Regulation Z. 12 C.F.R. § 1026.2(a)(10).
18. On April 9, 2015, the Bureau issued the 2015 Consent Order finding that Respondent violated Regulation Z, Regulation N, and the CFPA from June 1, 2013, through the date of the order by engaging in deceptive mortgage advertising and marketing practices, often through direct mail advertising. These practices included using the names, logos, and seals of the VA or FHA, as well as other design elements, in a manner that falsely implied that Respondent was, or was affiliated with, the VA or FHA and that the ads were sent by the VA or FHA. They also included marketing variable-rate mortgages through mailers that disclosed one simple annual interest rate for the loan while failing to disclose the other simple annual interest rates that would apply over the term of the loan or the period of time during which each rate would apply, or only disclosing such information in small print on the back of an advertisement. These practices further included marketing variable-rate mortgages by advertising one “Estimated New Monthly

Payment” on the front of the advertisements while failing to disclose anywhere the other monthly payment amounts that would apply over the term of the loan or the time periods during which those payments would apply, or only disclosing such information in small print on the back of advertisements. When advertising an estimated new monthly payment, Respondent also did not disclose that the indicated amount omitted taxes and insurance premiums, nor that, because of this, the actual payment obligation would be greater than the estimated payment amount.

19. The 2015 Consent Order required Respondent to pay a \$250,000 civil penalty.
20. The 2015 Consent Order also imposed conduct provisions designed to protect consumers from continued wrongful conduct by Respondent by prohibiting Respondent from violating certain specified sections of the CFPA, Regulation N, and Regulation Z and specifically prohibiting Respondent from misrepresenting: (1) “That [Respondent] is, or is affiliated with, the VA or FHA”; (2) “That [Respondent’s] advertisements disseminated to consumers are sent by the VA or FHA”; (3) “The fixed or variable nature of the advertised interest rates as well as the monthly payments associated with [Respondent’s] mortgage credit products”; and (4) “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.”

21. Respondent violated each of the prohibitions of the 2015 Consent Order numerous times after it went into effect.

***False and Misleading Representations
About Government Affiliation or Involvement***

22. The Bureau took action against Respondent in 2015 because its advertisements for VA-guaranteed mortgages used the names, logos, and seals of the VA, as well as other design elements, in a manner that falsely implied that Respondent was, or was affiliated with, the VA and that the advertisements were sent by the VA. The Bureau also took action against Respondent in 2015 because its 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 (“FHA Lender Logo”), as well as other design elements, in a manner that falsely implied that Respondent was, or was affiliated with, the FHA or that the ads were sent by the FHA. The Bureau found that these advertisements violated the CFPA’s prohibition against deceptive acts or practices, 12 U.S.C. §§ 5531 and 5536, and Regulation N, 12 C.F.R. § 1014.3.

Accordingly, the 2015 Consent Order prohibited Respondent from violating

the CFPA, 12 U.S.C. §§ 5531 and 5536, and Regulation N, 12 C.F.R. § 1014.3, and from misrepresenting that Respondent was, or was affiliated with, the VA or FHA, that its advertisements were sent by the VA or FHA, or “[a]ny other fact material to consumers concerning mortgage credit products.”

23. After agreeing to these prohibitions, Respondent repeatedly disregarded them by sending numerous mortgage advertisements that, through the use of formats, phrases, logos, seals, and other design elements, falsely implied that Respondent was, or was affiliated with, the VA or FHA, that its advertisements were sent by the VA or FHA, or that the advertised loans were provided by the VA or FHA.
24. For example, in May 2016, Respondent sent advertisements to about 10,000 consumers that featured a fake VA seal (pictured below left) that had design elements similar to those in the VA’s official seal (pictured below right).



VA



**U.S. Department
of Veterans Affairs**

25. The VA’s official seal is labeled “Department of Veterans Affairs,” whereas the fake seal was labeled “Veterans Administration.” The letters “VA”

appeared at the heart of Respondent's fake seal, in a font virtually identical to the "VA" letters displayed next to the official seal. Official-looking stars and bars appeared above and below the "VA" letters in the fake seal, in lieu of the eagle and American flags in the real seal. The fake seal included the name of the VA's Interest Rate Reduction Refinance Loan ("IRRRL") program, a type of VA home mortgage refinance program, in lieu of "United States of America" in the real seal.

26. Other design elements of these advertisements included the phrase "FORM VA-1000," suggesting that the advertisement was a government VA form; a "Reference Number," similar to the reference numbers appearing on the VA's Certificate of Eligibility; and a "Dept. Phone," suggesting that the advertisement was sent by a government department. Other versions of this advertisement also featured a watermark on the first page stamped with circling stars and the words "Authorized Mortgage Lender." Together, the fake seal, phrases, and other characteristics falsely implied that Respondent was, or was affiliated with, the VA or another government agency, or that its advertisements were sent by the VA or another government agency.
27. In fact, these representations were false because Respondent is not affiliated with the VA or another government agency, its advertisements were not sent

by the VA or another government agency, and the advertised loans were not provided by the VA or another government agency.

28. In another example, in June 2015, Respondent sent advertisements to about 50,000 consumers that prominently displayed the FHA Lender Logo in the upper left-hand corner. The U.S. Department of Housing and Urban Development (HUD) has issued guidance stating that lenders are strictly prohibited from displaying the FHA Lender Logo in a location or manner within an advertisement that creates the false impression that the advertisement is an official government form, notice or document or that otherwise conveys the false impression that the advertisement is authored, approved, or endorsed by HUD or the FHA. To prevent this, HUD's guidance states that the FHA Lender Logo must be displayed in a "discreet manner" and that use of the logo must, in each instance, be accompanied by a conspicuous disclaimer that clearly informs the public that the lender is not acting on behalf of or at the direction of HUD, FHA, or the Federal government. See U.S. Department of Housing and Urban Development, Mortgagee Letter 2011-17, Use of HUD/FHA Logo, Name and Acronym in Advertising, Apr. 15, 2011 (emphasis added), available at <https://www.hud.gov/sites/documents/11-17ML.PDF>.

29. Respondent's placement of the FHA Lender Logo in these advertisements in the upper corner of the first page was not discreet and the advertisements did not include the HUD-mandated disclosure. Further, the advertisement's headline, "FHA Annual Insurance Premiums Reduced," and related language immediately below describing an announcement by the FHA, followed by the phrase "PREQUALIFICATION NOTICE," which was capitalized and boxed to draw attention to it, falsely implied that Respondent was, or was affiliated with, the FHA or another government agency, that its ads were "notices" sent by the FHA or another government agency, and that the advertised loans were provided by the FHA or another government agency.
30. In fact, these representations were false because Respondent is not affiliated with the FHA or another governmental agency, Respondent's advertisements were not sent by the FHA or another governmental agency, and the advertised loans were not provided by the FHA or another government agency.
31. Consumers who received the advertisements described in Paragraphs 23-26 and 28-29 were likely to be misled by them.
32. The advertisements were also likely to affect consumers' conduct or decisions with regard to obtaining a loan.

***False and Misleading Representations and Inadequate Disclosures
About the Variable Nature and Size of the Advertised Monthly Payments***

33. The Bureau took action against Respondent in 2015 because its advertisements for variable-rate mortgage loans stated one “Estimated New Monthly Payment” on the front of the advertisements while failing to disclose anywhere the other monthly payment amounts that would apply over the term of the loan or the time periods over which those payments would apply or only disclosing such information in small print on the back of advertisements. The Bureau also took action against Respondent in 2015 for advertisements that stated that consumers would pay a specified amount disclosed in the advertisement but did not disclose that this amount omitted taxes and insurance premiums, nor that, because of this, the actual payment obligation would be greater than the estimated payment amount. The Bureau found that these advertisements violated Regulation Z, 12 C.F.R. § 1026.24(f)(3). Accordingly, the 2015 Consent Order prohibited Respondent from violating Regulation Z, 12 C.F.R. § 1026.24, and from misrepresenting the “fixed or variable nature of . . . the monthly payments associated with” its loans or “[a]ny other fact material to consumers concerning mortgage credit products.”

34. After agreeing to these prohibitions, Respondent repeatedly disregarded them by sending numerous advertisements that misrepresented the payment amounts applicable to the advertised mortgage, including the variable nature of the monthly payment amount.
35. These included advertisements for variable-rate mortgage loans that stated the amount of a payment that would apply at consummation and that was not based on the index and margin that would be used to make subsequent payment adjustments over the term of the loan, but failed to state, or failed to state clearly and conspicuously, the amount of each payment that would apply over the term of the loan (i.e., payments based on the application of the sum of a reasonably current index and margin); the period during which each payment would apply; and the fact that the advertised payments did not include amounts for taxes and insurance premiums, and that the actual payment obligation would be greater.
36. For example, between October 2017 and January 2018, Respondent sent advertisements to about 15,000 consumers that featured a banner ribbon across the top prominently stating a single monthly payment amount. The fact that this payment amount was based on a discounted or teaser interest rate that applied only for the initial five years of the loan's term but did not

apply for the remaining 25 years of the loan's term was only disclosed on the second page of the advertisement, buried in fine print.

37. These advertisements implied that the monthly payment amount prominently advertised on the first page was a fixed amount that would apply over the full term of the loan.
38. These advertisements stated the amount of a payment but failed to state the amount of each payment that would apply over the full term of the loan.
39. Moreover, these advertisements failed to state the period of time during which each payment amount would apply.
40. In addition, these advertisements failed to state clearly and conspicuously that the payment amounts did not include taxes and insurance premiums, and failed to state that the actual payment obligation would be greater than the advertised payment amount.
41. The payment amount stated in the advertisements described above were false and misleading. The monthly payment amount prominently advertised on the first page was not a fixed amount that would apply over the full term of the loan. Moreover, consumers would pay more each month than advertised during the initial five years of the loan because the advertised monthly payment amount did not include taxes or insurance premiums. Consumers would also pay more than the advertised monthly payment

amount during the remaining 25 years of the term of the loan, after the teaser interest rate expired.

42. In another example, in July 2015, Respondent sent advertisements for refinancing loans to about 140,000 consumers that prominently advertised two “cash-out examples” in which a dollar amount appears in bold numbers at the top of the advertisements representing the amount of cash the consumer would receive in a cash-out refinancing, followed by another dollar amount that appears to represent the monthly payment needed to procure this cash-out amount. The first “cash-out example” indicated that the consumer would receive \$25,000 in cash at a cost of \$103 per month. The second “cash-out example” indicated that the consumer would receive \$50,000 in cash at a cost of \$205 per month.
43. These statements implied that consumers could receive the advertised cash amounts if they paid the advertised monthly payment amounts. This implication was reinforced by the double asterisk that appeared next to the term “cash-out example,” which led to a disclaimer below the cash-out example boxes. This disclaimer stated that “the estimated payments in this offer do not include taxes, insurance, or annual MIP which will result in a higher amount.” Tying the term “estimated payments” in the disclaimer to “\$103” or “\$205 per month” furthered the impression that these payments

represented the total dollar amounts, plus taxes and insurance, that the consumer would pay for a loan featuring these cash-out amounts. Also, these examples appeared within a box at the top of the mailer's first page that advertised the loan's credit terms (i.e., interest rate and APR), further suggesting these payment amounts were part of the credit terms for the advertised loans.

44. In fact, obtaining the advertised cash-out amounts would be possible only if the consumer had an existing mortgage and refinanced the entire amount owed on that mortgage as part of a cash-out refinance mortgage, resulting in total monthly payments significantly larger than the \$103 or \$205 payment amounts advertised.
45. Consumers who received the advertisements described in Paragraphs 35-40 and 42-43 were likely to be misled by them.
46. These advertisements were also likely to affect consumers' conduct or decisions with regard to obtaining a loan.

***Inadequate Disclosures About the Interest Rates
Applicable to the Advertised Loan***

47. The Bureau took action against Respondent in 2015 because its advertisements for variable-rate loans disclosed one simple annual interest rate for the loan but failed to disclose the other simple annual interest rates that would apply over the term of the loan or the period of time during which

each rate would apply or failed to disclose such information clearly and conspicuously. The Bureau found that these advertisements violated Regulation Z, 12 C.F.R. § 1026.24(f)(2). Accordingly, the 2015 Consent Order prohibited Respondent from violating Regulation Z, 12 C.F.R. § 1026.24.

48. After agreeing to these prohibitions, Respondent repeatedly disregarded them by sending numerous advertisements for variable-rate mortgages that prominently advertised a single simple annual rate of interest that applied at consummation and that was not based on the index and margin that would be used to make subsequent rate adjustments over the term of the loan without disclosing the other rates that would apply over the term of the loan and the period of time during which each other rate would apply, or without disclosing such information clearly and conspicuously.
49. For example, the advertisements for a variable-rate mortgage described in Paragraphs 35-40 stated a teaser interest rate that would apply only to the first five years of the loan's 30-year term. Even though the rate would be variable after the teaser rate expired, the advertisements did not disclose any other interest rate, such as a rate applicable to the variable-rate period of the loan that was determined by adding a reasonably current index and margin.

***False, Misleading, and Unsubstantiated Representations
About Annual Savings Under the Advertised Loan***

50. After the 2015 Consent Order was issued, Respondent sent numerous advertisements for variable-rate mortgage loans that contained misleading representations about the amount the consumer would save under the advertised loan compared to the amount the consumer was paying under the consumer's existing loan.
51. For example, in May 2017, Respondent sent advertisements for variable-rate mortgage loans to about 1,500 consumers that prominently stated on the front page that the advertised loan—a 30-year variable-rate loan—offered “annual savings” of a specified amount. The advertised loan offered a discounted teaser interest rate for the initial five years, with the rate increasing in the sixth year and potentially readjusting by one percent each year thereafter for the remaining 24 years. These advertisements, however, made no distinction between the purported annual savings the consumer would achieve during the loan's first five years (during which the interest rate for the teaser period applied) and the purported annual savings the consumer would achieve during the remaining 25 years (during which the interest rate would or could readjust).

52. These advertisements implied that the annual cost of the advertised loan would be less than the annual cost of the consumer's existing loan by the indicated amount for each year of the loan.
53. In fact, the advertised savings amount was not calculated by comparing the cost of the advertised loan to the cost the consumer was paying under the consumer's existing loan for each year throughout the full term of the loan. Instead, this amount was calculated by comparing two different payment amounts the consumer would pay under the advertised mortgage: the amount the consumer would pay during the teaser rate period and the amount the consumer would pay during the sixth year after the teaser rate expired but before any further readjustments to the interest rate that might occur during the remaining 24 years of the loan.
54. These advertisements also implied that, at the time it made the "annual savings" claim, Respondent possessed and relied upon a reasonable basis that substantiated its representation that the consumer would save the indicated amount annually, compared to what the consumer was paying under the consumer's existing loan.
55. In fact, Respondent did not, at the time it made the "annual savings" claim, possess and rely upon a reasonable basis that substantiated its representation

that the consumer would save the indicated amount annually, compared to what the consumer was paying under the consumer's existing loan.

56. Consumers who received the advertisements described in Paragraphs 50-52 and 54 were likely to be misled by them.
57. These advertisements were also likely to affect consumers' conduct or decisions with regard to obtaining a loan.

***False and Misleading Representations About Time Limits on
VA Loan and FHA Loan Benefits***

58. After the 2015 Consent Order was issued, Respondent sent numerous mortgage advertisements that falsely represented that the consumer's access to VA-guaranteed mortgages and FHA-backed mortgages was time-limited.
59. For example, between October and December 2017, Respondent sent advertisements to about 21,000 consumers marketing VA-guaranteed mortgage loans, which stated: "Our records indicate that you have not yet applied for your VA IRRRL refinancing benefits. For these benefits, it is important that you contact us within 10 days of receiving this notice."
60. In another example, between April 2017 and March 2018, Respondent sent advertisements marketing FHA-backed Streamline loans to about 406,000 consumers, which made the same representations with respect to FHA benefits as the representation described in Paragraph 59.

61. These statements impliedly represented to the recipients of the loans that their access to benefits under the VA IRRRL program or to FHA loans would expire within a matter of days.
62. In fact, such representations were false because a veteran's eligibility for and access to the VA-guaranteed mortgage loan program and an eligible consumer's access to FHA-backed mortgage loans were not subject to an expiration date.
63. Consumers who received the advertisements described in Paragraphs 58-61 were likely to be misled by them.
64. The advertisements were also likely to affect consumers' conduct or decisions with regard to obtaining a loan.

***False and Misleading Representations About
Other Costs Associated with the Advertised Loan***

65. After the 2015 Consent Order was issued, Respondent sent numerous mortgage advertisements that misrepresented the existence of other fees or costs to the consumer associated with the advertised mortgage credit product, besides the monthly payment amount.
66. For example, in October 2015, Respondent sent advertisements to about 20,000 consumers that contained the following statements in large, bold type across the top, directly underneath the boxed headline "VA REFINANCE

NOTIFICATION”: “NO INCOME VERIFICATION [] NO MINIMUM FICO [] NO APPRAISAL NEEDED.” The text of these advertisements began with “This correspondence is to notify you that your <propertycity> property is pre-qualified* <<VA disclaimer>> for a VA Mortgage refinance of up to <<loan amount>> . . .” Further down, the text of the ads stated: “Important: You are authorized for cash-out refinance up to 100% of your home’s value.”

67. These advertisements represented that the consumer could obtain a VA cash-out refinance loan without an appraisal. Appraisals are a cost associated with VA cash-out refinance loans and a condition associated with the availability of such loans.
68. In fact, VA cash-out mortgage refinance loans require an appraisal to qualify.
69. Consumers who received the advertisements described in Paragraphs 65-67 were likely to be misled by them.
70. These advertisements were also likely to affect consumers’ conduct or decisions with regard to obtaining a loan.

False and Misleading Representations About Consumer's Ability or Likelihood of Obtaining the Advertised Loan Term

71. After the 2015 Consent Order was issued, Respondent sent numerous mortgage advertisements that misrepresented the consumer's ability or likelihood of obtaining the advertised mortgage or term.
72. For example, the advertisements described in Paragraph 66 represented that the consumer could obtain a VA cash-out mortgage refinance loan without obtaining an appraisal or verifying the consumer's income and regardless of the consumer's FICO score.
73. While these representations are generally true for refinance loans offered through the IRRRL program, they are not true for VA cash-out refinance loans, which require an appraisal and income verification and for which the consumer's eligibility may depend on their FICO score. These advertisements did not make this distinction. Instead, they explicitly offered cash-out refinance loans accompanied by representations that an appraisal, income verification, and a minimum FICO score were not needed to qualify.
74. Consumers who received the advertisements described in Paragraphs 66 and 72 were likely to be misled by them.
75. The advertisements were also likely to affect consumers' conduct or decisions with regard to obtaining a loan.

Impermissible Disclosures of a Simple Annual Interest Rate More Conspicuously Than the APR

76. After the 2015 Consent Order was issued, Respondent sent numerous mortgage advertisements that stated a simple annual interest rate more conspicuously than the APR.
77. For example, in May 2016, Respondent sent advertisements to about 21,000 consumers that stated a simple annual interest rate in bold font surrounded by an orange box on the first page. These advertisements disclosed an estimated APR to the right of the interest rate. Although both the simple interest rate and APR were in the same-sized typeface and appeared next to each other, the simple interest rate was advertised in bold font, whereas the APR was not bolded. Also, the simple interest rate was surrounded by a box that drew attention to it, whereas the APR was not.

Impermissible Disclosures of the Current Lender's Name

78. After the 2015 Consent Order was issued, Respondent sent numerous mortgage advertisements that disclosed the name of the consumer's current lender more prominently than they disclosed Respondent's name. These advertisements did not include a clear and conspicuous statement that Respondent was not associated with or acting on behalf of the consumer's current lender.

79. For example, between November 2017 and May 2018, Respondent sent advertisements for VA-cash-out refinancing loans to about 350,000 consumers that stated the name of the consumer's current lender in bold font and in all caps centered towards the top of the advertisement. Although Respondent's name appeared as part of the sender's address on the advertisement's first page, it did not appear as prominently as the current lender's name. Unlike the current lender's name, Respondent's name was not bolded and not in all caps. Additionally, the current lender's name was positioned right above the name and address of the recipient of the advertisement on the first page of the advertisement, such that the current lender's name would be visible through the envelope's transparent address window. Respondent's name did not appear on the envelope nor was it visible through the address window.
80. These advertisements included fine print at the bottom of the first page and top of the second page stating that Respondent "[was] not authorized or sponsored by the current lender . . . [was] not acting on behalf of the lender, and [was] not affiliated with the lender."

VIOLATIONS OF THE ORDER

81. Under § 1036(a)(1)(A) of the CFPA, it is unlawful for covered persons, such as Respondent, to "offer or provide to a consumer any financial product or

service not in conformity with Federal consumer financial law, or otherwise commit any act or omission in violation of a Federal consumer financial law.” 12 U.S.C. § 5536(a)(1)(A).

82. “Federal consumer financial law” is defined to include “an order prescribed by the Bureau.” 12 U.S.C. § 5481(14).

83. The 2015 Consent Order is an “order prescribed by the Bureau.”

84. Respondent violated the 2015 Consent Order by:

- a. misrepresenting that Respondent was, or was affiliated with, the VA or FHA or that its advertisements were sent by the VA or FHA, in violation of Paragraph 73(a) and (c) of the 2015 Consent Order, as set forth in Paragraphs 22-31;
- b. misrepresenting the variable nature and size of the monthly payments associated with Respondent’s mortgage credit products, in violation of Paragraph 73(d) of the 2015 Consent Order, as set forth in Paragraphs 33-45;
- c. misrepresenting facts 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, in violation of Paragraph 73(e) of the 2015 Consent Order, as set forth in Paragraphs 22-31, 33-45, 50-53, 56, 58-

63, 65-69, and 71-74;

- d. violating sections 1031 and 1036 of the CFPA, 12 U.S.C. §§ 5531 and 5536, in violation of Paragraph 72 of the 2015 Consent Order, as set forth in Paragraphs 88-117;
 - e. violating Regulation N, 12 C.F.R. § 1014.3, in violation of Paragraph 72 of the 2015 Consent Order, as set forth in Paragraphs 118-132; and
 - f. violating Regulation Z, 12 C.F.R. § 1026.24, in violation of Paragraph 74 of the 2015 Consent Order, as set forth in Paragraphs 133-142.
85. By violating the requirements of Paragraphs 72-74 of the 2015 Consent Order, Respondent offered and provided to consumers financial products and services not in conformity with Federal consumer financial law.
86. By violating the requirements of Paragraphs 72-74 of the 2015 Consent Order, Respondent committed acts or omissions in violation of Federal consumer financial law.
87. Accordingly, Respondent violated § 1036(a)(1)(A) of the CFPA, 12 U.S.C. § 5536(a)(1)(A).

VIOLATIONS OF THE CFPA

88. Under the CFPA, it is unlawful for any covered person or service provider to engage in a deceptive act or practice in connection with any transaction with

a consumer for a consumer financial product or service, or the offering of a consumer financial product or service. 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

89. An act or practice is deceptive if it involves a material misrepresentation or omission that is likely to mislead consumers acting reasonably under the circumstances.
90. Information that is material to consumers is information that is likely to affect a consumer's choice of, or conduct regarding, a product or service.

Deceptive Representations About Government Affiliation and Involvement

91. In numerous instances, as described in Paragraphs 23-32, Respondent's mortgage advertisements represented that Respondent was, or was affiliated with, the VA, the FHA, or another government agency; that its ads were sent by the VA, the FHA, or another government agency; or that the advertised loans were provided by the VA, the FHA, or another government agency.
92. In fact, Respondent was not the VA, the FHA, or another government agency; Respondent was not affiliated with the VA, the FHA, or another government agency; its ads were not sent by the VA, the FHA, or another government agency and its advertised loans were not provided by the VA, the FHA, or another government agency.

93. Respondent's misrepresentations about the affiliation or involvement of the government in its advertisements or the advertised products were likely to mislead consumers acting reasonably under the circumstances.
94. Respondent's misrepresentations about the affiliation or involvement of the government in its advertisements or the advertised products were material because they were likely to influence the conduct or decisions of consumers.
95. Therefore, Respondent engaged in deceptive acts and practices in violation of the CFPA. 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

Deceptive Representations About Time Limits on VA and FHA Loan Benefits

96. In numerous instances, as described in Paragraphs 58-64, Respondent's mortgage advertisements represented that a veteran's access to mortgage-refinance benefits through the VA, and that an eligible consumer's access to FHA-backed loans, was time-limited.
97. In fact, a veteran's eligibility for and access to the benefits of a VA loan, and an eligible consumer's access to FHA-backed loans, were not subject to expiration dates.
98. Respondent's misrepresentations about time limits on VA and FHA loan benefits were likely to mislead consumers acting reasonably under the circumstances.

99. Respondent's misrepresentations about time limits on VA and FHA loan benefits were material because they were likely to affect the conduct or decisions of consumers.
100. Therefore, Respondent engaged in deceptive acts and practices in violation of the CFPA. 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

**Deceptive Representations About Consumers'
Ability or Likelihood to Obtain the Advertised Mortgage or Credit Term**

101. In numerous instances, as described in Paragraphs 71-75, Respondent's mortgage advertisements represented that income verification or a minimum credit score were not required to obtain a VA-guaranteed cash-out refinance mortgage.
102. In fact, income verification and minimum credit scores are required to obtain a VA-guaranteed cash-out refinance mortgage.
103. Respondent's misrepresentations that income verification or minimum credit scores were not required to obtain a cash-out refinance mortgage were likely to mislead consumers acting reasonably under the circumstances.
104. Respondent's misrepresentations that income verification or minimum credit scores were not required to obtain a cash-out refinance mortgage were material because they were likely to influence the conduct or decisions of consumers.

105. Therefore, Respondent engaged in deceptive acts and practices in violation of the CFPA. 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

Deceptive Representations About the Cost of the Advertised Loans

106. In numerous instances, as described in Paragraphs 34-46, 50-53, 56-57, and 65-70, Respondent's advertisements represented that the consumer could purchase a variable-rate mortgage loan for the monthly payment amount that was prominently stated in the advertisement; that if the consumer purchased the advertised loan, the consumer would save a specific dollar amount each year compared to what the consumer was paying under the consumer's existing loan; that the consumer could receive a specified amount of cash if the consumer paid the specified monthly costs prominently stated in the advertisements; and that the consumer could obtain a VA-guaranteed cash-out mortgage refinancing loan without purchasing an appraisal.
107. In fact, the consumer could not purchase the advertised variable-rate mortgage loan for the monthly payment amount that was prominently stated in the advertisements; would not save the specified dollar amount each year compared to what the consumer was paying for the consumer's existing loan; could not receive the specified amount of cash by paying the specified monthly costs prominently stated in the advertisements; and could not obtain

a VA-guaranteed cash-out mortgage refinancing loan without purchasing an appraisal.

108. Respondent's representations about the cost of the advertised loans described in Paragraph 106 were likely to mislead consumers acting reasonably under the circumstances.
109. These misrepresentations concerning the cost of the advertised loans were material because they were likely to influence the conduct or decisions of consumers.
110. Therefore, Respondent engaged in deceptive acts and practices in violation of the CFPA. 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

Unsubstantiated Representations

111. In numerous instances, as described in Paragraphs 50-57, Respondent's advertisements represented that Respondent possessed and relied upon a reasonable basis that substantiated the representation in those advertisements that the monthly cost of the advertised loan would be less than the monthly cost of the consumer's existing loan by the indicated amount for each year of the loan.
112. In fact, Respondent did not possess and rely upon a reasonable basis that substantiated the representation that the monthly cost of the advertised loan would be less than the monthly cost of the consumer's existing loan by the

indicated amount for each year of the loan at the times those representations were made. Therefore, the representations described in Paragraph 111 were likely to mislead consumers acting reasonably under the circumstances.

113. These misrepresentations were material because they were likely to influence the conduct or decisions of consumers.
114. Therefore, Respondent engaged in deceptive acts and practices in violation of the CFPA. 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

Violations of the CFPA Based on Violations of Regulation Z and Regulation N

115. Under the CFPA, a covered person's violation of a Federal consumer financial law, which includes enumerated consumer laws and rules thereunder, violates the CFPA. 12 U.S.C. §§ 5536(a)(1)(A), 5481(14).
116. Regulation N and Regulation Z are Federal consumer financial laws.
117. Respondent's violations of Regulation N and Regulation Z, described in Paragraphs 118-142, constitute violations of section 1036(a)(1)(A) of the CFPA. 12 U.S.C. § 5536(a)(1)(A).

VIOLATIONS OF REGULATION N

Misrepresentations About Fees and Costs, 12 C.F.R. § 1014.3(c)

118. Under 12 C.F.R. § 1014.3(c), it is a violation for any person subject to Regulation N to make any misrepresentation, directly or indirectly, expressly

or by implication, in any commercial communication, about “[t]he existence, nature, or amount of fees or costs to the consumer associated with the mortgage credit product, including but not limited to misrepresentations that no fees are charged.”

119. Under 12 C.F.R. § 1014.3, such a misrepresentation is specifically prohibited and is therefore material.
120. Respondent violated § 1014.3(c) because, as described in Paragraphs 34-45, 50-53, 56, and 65-69, numerous mortgage advertisements sent by Respondent contained misrepresentations about the existence, nature, or amount of fees or costs to the consumer associated with a mortgage credit product.

Misrepresentations About Cash Available, 12 C.F.R. § 1014.3(j)

121. Under 12 C.F.R. § 1014.3(j), it is a violation for any person subject to Regulation N to make any misrepresentation, directly or indirectly, expressly or by implication, in any commercial communication, about “[t]he existence, nature, or amount of cash or credit available to the consumer in connection with the mortgage credit product, including but not limited to misrepresentations that the consumer will receive a certain amount of cash or credit as part of a mortgage credit transaction.”

122. Under 12 C.F.R. § 1014.3, such a misrepresentation is specifically prohibited and is therefore material.
123. Respondent violated § 1014.3(j) because, as described in Paragraphs 42-45, numerous mortgage advertisements sent by Respondent contained misrepresentations about the existence, nature, or amount of cash available to the consumer in connection with the mortgage credit product, including misrepresentations that the consumer would receive a certain amount of cash as part of a mortgage credit transaction.

Misrepresentations About Government Affiliation or Involvement, 12 C.F.R. § 1014.3(n)

124. Under 12 C.F.R. § 1014.3(n), it is a violation for any person subject to Regulation N to make any misrepresentation, directly or indirectly, expressly or by implication, in any commercial communication, about
- the association of the mortgage credit product or any provider of such product with any other person or program, including but not limited to misrepresentations that: (1) The provider is, or is affiliated with, any governmental entity or other organization. . .
125. Under 12 C.F.R. § 1014.3, such a misrepresentation is specifically prohibited and is therefore material.
126. Respondent violated § 1014.3(n) because, as described in Paragraphs 23-31, numerous mortgage advertisements sent by Respondent contained

misrepresentations that the provider of the advertised mortgage credit product was, or was affiliated with, the government.

Misrepresentations About Consumer's Ability or Likelihood to Obtain Credit Terms, 12 C.F.R. § 1014.3(q)

127. Under 12 C.F.R. § 1014.3(q), it is a violation for any person subject to Regulation N to make any misrepresentation, directly or indirectly, expressly or by implication, in any commercial communication, about “[t]he consumer’s ability or likelihood to obtain any mortgage credit product or term, including but not limited to misrepresentations concerning whether the consumer has been preapproved or guaranteed for any such product or term.”
128. Under 12 C.F.R. § 1014.3, such a misrepresentation is specifically prohibited and is therefore material.
129. Respondent violated § 1014.3(q) because, as described in Paragraphs 65-69 and 71-74, numerous mortgage advertisements sent by Respondent contained misrepresentations about the consumer’s ability or likelihood to obtain the advertised mortgage credit product or term.

Misrepresentations About Consumer's Ability or Likelihood to Obtain Refinancing, 12 C.F.R. § 1014.3(r)

130. Under 12 C.F.R. § 1014.3(r), it is a violation for any person subject to Regulation N to make any misrepresentation, directly or indirectly, expressly

or by implication, in any commercial communication, about “[t]he consumer’s ability or likelihood to obtain a refinancing or modification of any mortgage credit product or term, including but not limited to misrepresentations concerning whether the consumer has been preapproved or guaranteed for any such refinancing or modification.”

131. Under 12 C.F.R. § 1014.3, such a misrepresentation is specifically prohibited and is therefore material.
132. Respondent violated § 1014.3(r) because, as described in Paragraphs 71-74, numerous mortgage advertisements sent by Respondent contained misrepresentations about the consumer’s ability or likelihood to obtain a refinancing.

VIOLATIONS OF REGULATION Z

Advertising Unavailable Credit Terms, 12 C.F.R. § 1026.24(a)

133. Under 12 C.F.R. § 1026.24(a), “[i]f an advertisement for credit states specific credit terms, it shall state only those terms that actually are or will be arranged or offered by the creditor.”
134. Respondent violated § 1026.24(a) because, as described in Paragraphs 65-68, numerous mortgage advertisements sent by Respondent stated specific credit terms other than those terms that actually were or would be arranged or offered by the creditor.

Improper Disclosure of the Simple Annual Interest Rate More Conspicuously Than the APR, 12 C.F.R. § 1026.24(c)

135. Under 12 C.F.R. § 1026.24(c):

If an advertisement states a rate of finance charge, it shall state the rate as an “annual percentage rate,” using that term. If the annual percentage rate may be increased after consummation, the advertisement shall state that fact.... If an advertisement is for credit secured by a dwelling, the advertisement shall not state any other rate [other than the APR], except that a simple annual rate that is applied to an unpaid balance may be stated in conjunction with, but not more conspicuously than, the [APR].

136. Respondent violated § 1026.24(c) because, as described in Paragraphs 76-77, numerous mortgage advertisements sent by Respondent stated a simple annual interest rate more conspicuously than the APR.

Improper Disclosure of an Interest Rate, 12 C.F.R. § 1026.24(f)(2)(i)

137. Under 12 C.F.R. § 1026.24(f)(2)(i), if a mortgage advertisement:

states a simple annual rate of interest and more than one simple annual rate of interest will apply over the term of the advertised loan, the advertisement shall disclose, in a clear and conspicuous manner:

(A) Each simple annual rate of interest that will apply. In variable-rate transactions, a rate determined by adding an index and margin shall be disclosed based on a reasonably current index and margin;

(B) The period of time during which each simple annual rate of interest will apply. . . .

138. Respondent violated § 1026.24(f)(2)(i) because, as described in Paragraphs 48-49, numerous direct-mail mortgage advertisements sent by Respondent

for loans for which more than one simple annual interest rate would apply stated a simple annual rate of interest that applied at consummation and was not based on the index and margin that would be used to make subsequent rate adjustments over the term of the loan, but did not include one or more of the disclosures required pursuant to § 1026.24(f)(2)(i)(A) or (B), or did not disclose them clearly and conspicuously, as defined in § 1026.24(f)(2)(ii).

Improper Disclosure of a Payment Term, 12 C.F.R. § 1026.24(f)(3)(i)

139. Under 12 C.F.R. § 1026.24(f)(3)(i), a direct-mail mortgage advertisement that “states the amount of any payment” must disclose in a clear and conspicuous manner:

- (A) The amount of each payment that will apply over the term of the loan, including any balloon payment. In variable-rate transactions, payments that will be determined based on the application of the sum of an index and margin shall be disclosed based on a reasonably current index and margin;
- (B) The period of time during which each payment will apply; and
- (C) In an advertisement for credit secured by a first lien on a dwelling, the fact that the payments do not include amounts for taxes and insurance premiums, if applicable, and that the actual payment obligation will be greater.

140. Respondent violated § 1026.24(f)(3)(i) because, as described in Paragraphs 34-36, and 38-41, numerous direct-mail mortgage advertisements sent by Respondent stated the amount of a payment that applied at consummation

and was not based on an index and margin that would be used to make subsequent payment adjustments, but did not include one or more of the disclosures required pursuant to § 1026.24(f)(3)(i)(A) through (C), or did not disclose them clearly and conspicuously, as defined in § 1026.24(f)(3)(ii).

Misleading Use of the Current Lender's Name, 12 C.F.R. § 1026.24(i)(4)

141. Under 12 C.F.R. § 1026.24(i)(4), mortgage advertisements may not:

Us[e] the name of the consumer's current lender in an advertisement that is not sent by or on behalf of the consumer's current lender, unless the advertisement:

- (i) Discloses with equal prominence the name of the person or creditor making the advertisement; and
- (ii) Includes a clear and conspicuous statement that the person making the advertisement is not associated with, or acting on behalf of, the consumer's current lender.

142. Respondent violated § 1026.24(i)(4) because, as described in Paragraphs 78-80, numerous mortgage advertisements sent by Respondent, which were not sent by or on behalf of the consumer's current lender, used the name of the consumer's current lender and did not (1) disclose with equal prominence the name of the person or creditor making the advertisement, as required by § 1026.24(i)(4)(i); or (2) include a clear and conspicuous statement that the person making the advertisement was not associated with, or acting on behalf of, the consumer's current lender, as required by § 1026.24(i)(4)(ii).

CONDUCT PROVISIONS

VI.

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

143. Respondent and its officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, may not violate 12 C.F.R. § 1014.3, 12 C.F.R. § 1026.24, and sections 1031 and 1036 of the CFPA, 12 U.S.C. §§ 5531 and 5536.

Permanent Ban on Mortgage Lending Activities

144. Respondent, whether acting directly or indirectly, is permanently restrained from engaging or Assisting Others in any mortgage lending activities, including advertising, marketing, promoting, offering, providing, originating, administering, servicing, or selling mortgage loans, or otherwise participating in or receiving remuneration from any mortgage lending activities, except that within the 120-day period starting on the Effective Date, Respondent may:
- a. Sell its mortgage loans as necessary to comply with the requirement in paragraph 145, including performing activities necessary to sell such loans and activities necessary to minimize any potential disruption to consumers from the sale of such loans;

- b. Administer and service its mortgage loans prior to selling them as required by paragraph 145; and
 - c. Close mortgage loans for which Respondent received an application before the Effective Date, including processing and conducting underwriting for such loan applications.
145. Within 120 days of the Effective Date, Respondent must sell all mortgage loans held by Respondent.

Prohibition on Deceptive Representations

146. 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 advertising, marketing, promotion, offering for sale, sale, or performance of any Consumer Financial Product or Service, as defined by 12 U.S. Code § 5481(5), may not misrepresent, or assist others in misrepresenting, expressly or impliedly:
- a. any affiliation with a government agency or existence of a government benefit;
 - b. any fact material to consumers concerning the Consumer Financial Product or Service, such as the fees, costs, terms, or any material restrictions, limitations, or conditions; or

- c. the findings, conclusions, and requirements of this Consent Order or Respondent's compliance during the Relevant Period with the 2015 Consent Order; the CFPA, 12 U.S.C. §§ 5481–5603; TILA, 15 U.S.C. §§ 1601–1667f; Regulation Z, 12 C.F.R. Part 1026; and Regulation N, 12 C.F.R. Part 1014. Nothing in this subparagraph affects Respondent's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Bureau is not a party.

Customer Information

IT IS FURTHER ORDERED that:

147. Respondent, and its officers, agents, servants, employees, and attorneys who receive actual notice of this Consent Order, whether acting directly or indirectly, may not, except as permitted during the 120-day period described in paragraph 144 above:
- a. disclose, use, or benefit from customer information, including the name, address, telephone number, email address, social security number, other identifying information, or any data that enables access to a customer's account (including a credit card, bank account, or other financial account), that Respondent obtained in connection with mortgage lending; or

- b. attempt to collect, sell, assign, or otherwise transfer any right to collect payment from any consumer who purchased or agreed to purchase a mortgage loan from Respondent.

However, customer information may be disclosed (i) if requested by a government agency or required by law, regulation, or court order; (ii) if required by the Respondent to defend itself in the adjudication of a dispute related to its origination of a mortgage; and (iii) about a particular customer, if requested by the customer or a person that has purchased the customer's mortgage loan.

MONETARY PROVISIONS

VII.

Order to Pay Civil Money Penalty

IT IS FURTHER ORDERED that:

- 148. Under § 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, Respondent must pay a civil money penalty of \$1,000,000.00 to the Bureau.
- 149. 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.

150. The civil money penalty paid under this Consent Order will be deposited in the Civil Penalty Fund of the Bureau as required by § 1017(d) of the CFPA, 12 U.S.C. § 5497(d).
151. Respondent, for all purposes, must treat the civil money penalty paid under this Consent Order as a penalty paid to the government. 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.
152. 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 or because of any payment that the Bureau makes from the Civil Penalty Fund. 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 that 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.

153. 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.
154. 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.
155. Under 31 U.S.C. § 7701, Respondent, unless it already has done so, must furnish to the Bureau its taxpayer-identification numbers, which may be used for purposes of collecting and reporting on any delinquent amount arising out of this Consent Order.
156. 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.

COMPLIANCE PROVISIONS

VIII.

Reporting Requirements

IT IS FURTHER ORDERED that:

157. 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.
158. Within 7 days of the Effective Date, Respondent must:

- a. designate at least one telephone number and email, physical, and postal addresses as points of contact that 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 (including any fictitious/DBAs/trade names), telephone numbers, and physical, postal, email, and Internet addresses; and
 - c. describe the activities of each such business, including the products and services offered, and the means of advertising, marketing, and sales.
159. Respondent must report any change in the information required to be submitted under Paragraph 158 at least 30 days before the change or as soon as practicable after the learning about the change, whichever is sooner.
160. One year after the Effective Date, Respondent must submit to the Enforcement Director an accurate written compliance progress report (Compliance Report), sworn to under penalty of perjury, 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 the Consent Order; and

- b. attaches a copy of each Order Acknowledgment obtained under Section IX, unless previously submitted to the Bureau.

IX.

Order Distribution and Acknowledgment

IT IS FURTHER ORDERED that:

- 161. 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.
- 162. 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 managers, employees, service providers, or other agents and representatives who have responsibilities related to the subject matter of the Consent Order.
- 163. 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 VIII, any future 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.

164. 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.
165. Within 90 days of the Effective Date, Respondent must provide the Bureau with a list of all persons and their titles to whom this Consent Order was delivered through that date under Paragraphs 162-163 and a copy of all signed and dated statements acknowledging receipt of this Consent Order under Paragraph 164.

X.

Recordkeeping

IT IS FURTHER ORDERED that:

166. Respondent must create and retain all documents and records necessary to demonstrate full compliance with each provision of this Consent Order, including all submissions to the Bureau.
167. Respondent must make the documents identified in Paragraph 166 available to the Bureau upon the Bureau's request.

XI.

Notices

IT IS FURTHER ORDERED that:

168. 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 RMK Financial Corp. d/b/a Majestic Home Loan or MHL*, File No. 2023-CFPB-0002,” 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
Consumer Financial Protection Bureau
ATTENTION: Office of Enforcement
1700 G Street, N.W.
Washington D.C. 20552

XII.

Cooperation with the Bureau

IT IS FURTHER ORDERED that:

169. Respondent must cooperate fully with the Bureau in this matter and in any investigation related to or associated with the conduct described in Section V. 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 that 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.

XIII.

Compliance Monitoring

IT IS FURTHER ORDERED that:

170. 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.
171. Respondent must permit Bureau representatives to interview any employee or other person affiliated with Respondent who has agreed to such an interview regarding: (a) this matter; (b) anything related to or associated with the conduct described in Section V; or (c) compliance with the Consent Order. The person interviewed may have counsel present.
172. 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.

XIV.

Modifications to Non-Material Requirements

IT IS FURTHER ORDERED that:

173. 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.
174. 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.

ADMINISTRATIVE PROVISIONS

XV.

IT IS FURTHER ORDERED that:

175. The provisions of this Consent Order do not bar, estop, or otherwise prevent the Bureau from taking any other action against Respondent, except as described in Paragraph 176. Further, for the avoidance of doubt, the provisions of this Consent Order do not bar, estop, or otherwise prevent any other person or governmental agency from taking any action against Respondent.

176. 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.
177. This Consent Order is intended to be, and will be construed as, a final Consent Order issued under § 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.
178. This Consent Order will remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Consent Order have been amended, suspended, waived, or terminated in writing by the Bureau.
179. Calculation of time limitations will run from the Effective Date and be based on calendar days, unless otherwise noted.

180. 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.
181. 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 §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.
182. 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.

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

IT IS SO ORDERED, this 27th day of February, 2023.

Rohit Chopra

Rohit Chopra

Director

Consumer Financial Protection Bureau