UNITED STATES DEPARTMENT
OF
HOUSING AND URBAN DEVELOPMENT

TITLE VIII

CONCILIATION AGREEMENT

between

[redacted]

Complainant

and

Primary Residential Mortgage, Inc.

Respondent

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

HUD FHEO CASE NUMBER: 03-12-0038-8

A. PARTIES AND SUBJECT PROPERTY

Complainant
[redacted]
Baltimore MD 21207

Subject Property:
[redacted]
Baltimore, MD 21207

Respondent
Dave Zitting, President and CEO
Primary Residential Mortgage, Inc.
4750 Wiley Post Way, Suite 200
Salt Lake City, UT 84116

B. STATEMENT OF FACTS

Complainant alleges Respondent discriminated against her because of her sex and familial status in violation of Sections 804(b) and 805 of the Act. Complainant applied for a mortgage loan with the Respondent on February 4, 2011. At that time, Complainant was pregnant and on extended maternity leave due to complications from her pregnancy.Complainant alleges that she provided the Respondent with documentation on each of her three temporary disability policies.Complainant further allegesthat Respondent denied her loan but told her she was "a good risk" and they would be happy to finance her loan after she returned to work. Complainant alleges Respondents subjected her to discriminatory lending practices by denying and/or delaying her loan because she waspregnant.As a result, Complainant lost a potential housing opportunity.

Respondent defended that it did not discriminate against Complainant when it issued a Statement of Credit Denial to Complainant dated March 8, 2011 due to insufficient income for total obligations. Respondents asserted that itdid not receive sufficient verification of Complainant's long-term disability income and therefore did not have the documentation required to show stability, continuance, and verification of income.

Complainant and Respondents agree to settle the claims in the underlying action by entering into this Conciliation Agreement. Both parties agree that this settlement and compromise is made to

terminate all claims that Complainant presently asserts, or might have asserted, because of the events related to the Complaint. Nothing contained in this Agreement shall be deemed an admission of liability or of a violation of any applicable law, rule, regulation, order, or contract by any party to this Agreement.

C. TERM OF AGREEMENT

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

D. EFFECTIVE DATE

2. The parties expressly agree that this Agreement constitutes neither a binding contract under state or federal law nor a Conciliation Agreement pursuant to the Act, unless and until such time as it is approved by the U.S. Department of Housing and Urban Development (hereinafter "the Department" or "HUD"), through the Region III Fair Housing and Equal Opportunity (FHEO) Director, or his/her designee, in Philadelphia, Pennsylvania.

3. This Agreement shall become effective on the date on which it is approved by the Department's Region IIIFHEO Director.

E. GENERAL PROVISIONS

4. The parties acknowledge that this Agreement is a voluntary and full settlement of the disputed complaint. The parties affirm that they have read and fully understand the terms set forth herein. No party has been coerced, intimidated, threatened, or in any way forced to become a party to this Agreement.

5. This Agreement does not constitute, and shall not be construed as an admission by the Respondent of any liability and/or violation of any Federal, State, or local civil rights statute, law, ordinance or regulation.

6. Respondent acknowledges that it has an affirmative duty not to discriminate under the Fair Housing Act, and that it is unlawful to retaliate against any person because that person has made a complaint, testified, assisted, or participated in any manner in a proceeding under the Act.Without admitting to any act of discrimination or violation of the Act, Respondents further acknowledge that any retaliation or discrimination after the effective date of this Agreementconstitutes both a material breach of this Agreement, and a statutory violation of the Act.

7. This Agreement, after it has been approved by the Region IIIFHEO Director, or his/her designee, is binding upon Respondents, their employees, heirs, successors and assigns.

8. It is understood that, pursuant to Section 810(b)(4) of the Act, upon approval of this Agreement by the FHEO Region III Director, or his or her designee, it is a public document.

9. This Agreement does not in any way limit or restrict the Department's authority to investigate any other complaint involving Respondents made pursuant to the Fair Housing Act, or any other complaint within the Department's jurisdiction.

10. No amendment to, modification of, or waiver of any provisions of this Agreement shall be effective unless: (a) all signatories or their successors to the Agreement agree in writing to the amendment, modification or waiver; (b) the amendment, modification or waiver is in writing; and (c) the amendment, modification, or waiver is approved and signed by the FHEO Region III Director.

11. The parties agree that the execution of this Agreement may be accomplished by separate execution of consent to this Agreement, the original executed signature pages to be attached to the body of the Agreement to constitute one document.

12. Complainant [redacted] hereby forever waives, releases, and covenants not to sue the Department, Respondent, or their respective heirs, executors, assigns, officers, commissioners, agents, employees and attorneys with regard to any and all claims, damages and injuries of whatever nature whether presently known or unknown, arising out of or in any way related to the subject matter of HUD Case Number 03-12-0038-8, or which could have been filed in any action or suit arising from said subject matter.

13. Respondent hereby forever waives, releases, and covenants not to sue the Department, Complainant, or their respective heirs with regard to any and all claims, damages and injuries of whatever nature whether presently known or unknown, arising out of or in any way related the subject matter of HUD Case Number03-12-0038-8 or which could have been filed in any action or suit arising from said subject matter.

F. RELIEF FOR COMPLAINANT

Within ten (10) days of the effective date of this Agreement, Primary Residential Mortgage, Inc. agrees to pay the Complainant the sum of $13,000 by check made payable to the Complainant.

G. RELIEF IN THE PUBLIC INTEREST

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

2 Within sixty (60) days of the entry of this Agreement, Primary Residential shall provide to all loan officers, processors, underwriters, and decision makers an explanation and copies of the applicable fair lending obligations and provisions of this Agreement, and allow an opportunity for such employees to have any questions concerning the Agreement answered. Within ninety (90) days of the entry of this Agreement, Primary Residential shall provide training on the Parental Leave Policy to all loan officers, processors, underwriters, and decision makers.

3 The Respondent agrees to take additional actions as it determines may be needed to promote fair lending and ensure compliance with the Fair Housing Act.

4 Upon the execution of this Agreement, Respondent adopts the Parental Leave Policy attached as Exhibit A, which sets forth the company's policy addressing the availability of allhome loan products regardless of an Applicant's status as pregnant or an Applicant taking pregnancy or maternity leave.

H. MONITORING AND COMPLIANCE

1. For the duration of this Agreement, Respondent shall retain its records relating to itsobligations hereunder, which include underwriting guidelines, training materials and the certification(s) provided. The Department shall have the right to review and copy such
records upon request. Respondents agree to provide their full cooperation in any monitoring review undertaken by HUD to ensure compliance with this Agreement.

2 Within ten (10) days of the effective date of this Agreement, the Respondent shall provide the FHEO BaltimoreOffice with a photocopy of the check and any correspondence sent to the Complainant as referenced in paragraph F of this Agreement. In addition, Primary Residential Mortgage, Inc. agrees to send the check to the

Complainant by Certified Mail, FedEx, or UPS, and to send the FHEO BaltimoreOffice a copy of the Certification that the check was sent.

3. Within one hundred (100) days of the effective date of this Agreement, the Respondent shall provide the FHEO Baltimore office with the certification of completion of training on the new parental leave policy as referenced in paragraph G.2 of this Agreement.

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

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

I. ADMINISTRATION

1. The requirements of this Agreement shall be in effect for three (3) years, unless an extension is necessary to complete the actions mandated by the Agreement.

2. Any time limits for performance fixed by this Agreement may be extended by mutual written agreement of Respondent and the FHEO Region III Director or his or her designee.

3. The Department shall retain jurisdiction of this matter for the duration of this Agreement to enforce the terms of the Agreement. Whenever the Department has reasonable cause to believe that the Respondent has breached this Agreement, the matter may be referred to the Attorney General of the United States, to commence a civil action in the appropriate U. S. District Court, pursuant to §§ 810(c) and 814(b)(2) of the Act.

SIGNATURE PAGE

[redacted]

3/28/13
Date

Respondent Primary Residential Mortgage, Inc.
By: Dave Zitting, President and CEO

Date

K. APPROVAL

Melody Taylor-Blancher
Region III FHEO Director

3/28/13.
Date

SIGNATURE PAGE

[redacted]

Date

Respondent Primary Residential Mortgage, Inc.
By: Dave Zitting, President and CEO

3/21/13
Date

K. APPROVAL

Melody Taylor-Blancher
Region III ~~FHEO Director~~

3/28/13.
Date

CONFIDENTIAL
FOR SETTLEMENT PURPOSES ONLY

Primary Residential Mortgage Incorporated
Parental Leave Policy

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

Primary Residential Mortgage Incorporated
Parental Leave Policy

	employer due to a child, pregnancy, birth, or securing legal custody (including adoption or foster care) of a child.
Effective Date	TBD
Procedure	With regard to persons on parental leave, if the following documents are obtained and the applicant meets all other related underwriting and regulatory requirements, it is the Lender's practice to approve the application: 1. Written documentation from the applicant stating that the applicant intends to return to active employment. A signed letter or email from the applicant shall suffice for this requirement; 2. Written documentation from the applicant's employer confirming the expected return to active work status. A document, signed letter, or email from the applicant's employer or designee of the employer shall suffice for this requirement; and 3. Any other documentation necessary to meet the underwriting requirements pursuant to temporary leave policies of Freddie Mac, Fannie Mae, or other investors. If an applicant is on, or is scheduled to be on, parental leave, such status shall not disqualify the applicant. The Lender will use the applicant's regular employment income in qualifying provided that applicant will return to work on or before the date the first payment is due. If the applicant will not return to work on or before the date the first payment is due, then the Lender will consider whether the available liquid reserves and income, including disability income or non-primary employment related income, is sufficient, during the period between the date the first payment is due and the applicant's scheduled return to work, to qualify the applicant according to generally applicable underwriting requirements (e.g. debt-to-income ratios). If an applicant is unable to demonstrate such sufficient available liquid reserves or alternative sources of income necessary to

Primary Residential Mortgage Incorporated
Parental Leave Policy

	meet generally applicable underwriting requirements, it is not inconsistent with this Parental Leave Policy for the Lender to deny or place into suspense an application until such time that the applicant's available liquid reserves or income is sufficient to meet such requirements.
Training	The Lender will provide initial and annual training to its loan officers, processors, and underwriters regarding its parental leave policy and applicable laws prohibiting illegal discrimination.