UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CONCILIATION AGREEMENT

Under

THE FAIR HOUSING ACT

TITLE VIII

CONCILIATION AGREEMENT

Between

[redacted]

(Complainants)

And

First Bank Mortgage Partners

(Respondents)

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

FHEO TITLE VIII CASE NUMBER: 03-13-0392-8

A. PARTIES AND SUBJECT PROPERTY

1. The parties to this conciliation agreement are as follows:

   a. Complainants:

   [redacted]

   b. Respondents:

   FirstBank Mortgage Partners
   11 Channing Way
   Jackson, TN 38305

   c. Subject Property:

   [redacted]

2. The Respondent(s) receive no federal funding.

B. STATEMENT OF FACTS

Complainants' Allegations

FHEO Complaint No. 03-13-0392-8 (the "Complaint"), was filed on September 10, 2013, with the United States Department of Housing and Urban Development (the "Department" or "HUD") alleging that the Complainant was injured by a discriminatory act of the Respondent. The Complainants allege that the Respondent, violated §804(b) of the Fair Housing Act as amended in 1988, 42 U.S.C. 3601 et seq. ("the Act").

Having been approved for a U.S. Department of Agriculture–Rural Development ("USDA") Guaranteed Home Loan program on August 14, 2013, the Complainants were scheduled to close on the subject home loan on August 30, 2013. Complainants allege that Complainant [redacted] began maternity leave on June 10, 2013 due to a high risk pregnancy.

Complainants allege on August 28, 2013, after Respondents requested verification of why Complainant [redacted] was in a non-pay status, Complainants provided Respondents a medical note verifying Complainant [redacted] maternity leave, and a letter from Complainant [redacted] indicating her intent to return to work in approximately early November 2013. Complainants allege they notified the Respondents that Complainant [redacted] will be compensated by her short-term disability insurance throughout her maternity leave.

Complainants allege the Respondents unlawfully refused to close on the subject home mortgage loan, on August 30, 2013, on the basis of sex (female), and familial status (pregnancy).

Complainants allege that they were notified by an electronic message on August 29, 2013, that Complainants' loan had been denied.

Complainants allege they were financially qualified for the subject home loan at all times during the home mortgage loan application process. Complainants allege Respondents unlawfully denied them a home mortgage loan, and subjected them to different terms and conditions in the making of a home mortgage loan, on the basis of sex (female), and familial status (pregnancy). If proven, these allegations may be in violation of the Fair Housing Act.

Respondents' Position

The Respondent First Bank Mortgage Partners denies having discriminated against the Complainants and admits no liability. The Respondent nevertheless agrees to settle the claim in the underlying action by entering into this Conciliation Agreement.

In a position statement submitted by Evelyn Denton, Vice President of Quality Assurance and Internal Review for Respondent FirstBank Mortgage Partners (hereinafter "FirstBank"), the Respondents deny the Complainants' allegations of discrimination. Respondent First Bank defends that FirstBank's decisions and actions with regards to the Complainants' loan were made based on the information provided by a third-party verifier, that is, Complainant [redacted] was on unpaid leave and had been for more than two (2) months when the home loan was scheduled to close. Respondent First Bank agent Denton asserts that this is when the Complainants' loan was stopped; and it was the Respondents First Bank's need to verify the Complainants' income and establish their qualifications for the mortgage loan, not discriminatory practices, was the reason the loan was halted.

C. TERM OF AGREEMENT

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

D. EFFECTIVE DATE

1. The parties expressly agree that this Agreement constitutes neither a binding contract under state or federal law nor an Agreement pursuant to the Act, unless and until such time as it is approved by the U.S. Department of Housing and Urban Development, through the FHEO Region III Director or his or her designee.

2. This Agreement shall become effective on the date on which it is approved by the FHEO Region III Director, Fair Housing and Equal Opportunity (FHEO), in Philadelphia, PA, United States Department of Housing and Urban Development (HUD).

E. GENERAL PROVISIONS

1. The parties recognize the uncertainty of protracted disputes and/or litigation, and therefore agree to resolve this matter through this Conciliation Agreement (the "Agreement"). The parties acknowledge that this Agreement is a voluntary and full settlement of the allegations set forth in the Complaint. The parties affirm that they have read, and fully understand the terms set forth herein. No party has been coerced, intimidated, threatened, or in any way forced to become a party to this Agreement.

2. 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.

3. Respondent acknowledges that it has a duty not to discriminate under the Act, and that it is unlawful to retaliate against any person because that person has filed a complaint, testified, or participated in any manner in a proceeding under the Act. Respondent further acknowledges that any retaliation or discrimination against the Complainants after the effective date constitutes both a material breach of this Agreement, and is a statutory violation of the Act.

4. This Agreement, after it has been approved by the FHEO Region III Director, or his or her designee, is binding upon the Complainants, their heirs, personal representatives and assigns and the Respondent, its employees, successors, assignees, and all others active in the ownership or operation of the subject company.

5. Pursuant to Section 810(b)(4) of the Act, this Agreement shall become a public document upon approval of FHEO Region III Director or his or her designee.

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

7. No amendment to, modification of, or waiver of any provision 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.

8. 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 Agreement to constitute one document.

9. The Complainants hereby forever waive, release and covenant not to sue the Department or Respondent or Respondent's past, present and future parent companies, affiliates and subsidiaries, officers, directors, representatives, agents, attorneys, authorities, heirs, executors, successors, assigns, agents, employees, trustees, settlers, and insurers with regard to any, and all claims, damages, and injuries of whatever nature whether presently known or unknown, arising out of this Complaint or which could have been filed in any action or suit arising from the Complaint.

10. The Respondents hereby forever waive, release and covenant not to sue the Department or Complainants or Complainants' past, present and future parent companies, affiliates and subsidiaries, officers, directors, representatives, agents, attorneys, authorities, heirs, executors, successors, assigns, agents, employees, trustees, settlers, and insurers with regard to any, and all claims, damages, and injuries of whatever nature whether presently known or unknown, arising out of this Complaint or which could have been filed in any action or suit arising from the Complaint.

F. RELIEF FOR COMPLAINANT

11. Within fifteen (15) days of the effective date of this Agreement, Respondent agrees to pay the Complainants a monetary settlement sum in the amount of thirty-five thousand dollars ($35,000). The settlement sum shall be paid by two (2) checks in the amount of seventeen thousand five hundred dollars ($17,500) each. One said check shall be made payable to:

[redacted]

And one said check shall be made payable to:

[redacted]

G. RELIEF IN THE PUBLIC INTEREST

12. 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.

13. Within one hundred-twenty (120) days of the effective date of this Agreement, the Respondent agrees that all loan officers, underwriters, and decision makers will receive fair housing training. The training must be provided by a certified fair housing trainer, approved by the Department, prior to any employee attending. Within one hundred-twenty (120) days of the effective date of this Agreement, the Respondent agrees to provide to the Department a certification of completion of this training.

14. Upon the execution of this Agreement, Respondent adopts the Parental Leave Guideline attached as **Exhibit A**, which sets forth the company's policy addressing the availability of all home loan products regardless of an Applicant's status as pregnant or an Applicant taking paternity or maternity leave.

15. Prior to receiving training, the Respondent shall provide to all loan officers, 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 one hundred twenty (120) days of the entry of this Agreement, the Respondent shall provide training on the Parental Leave Guideline to all loan officers, underwriters, and decision makers.

16. 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.

H. EVALUATING AND MONITORING COMPLIANCE

17. For the duration of this Agreement, the Respondent shall retain its records relating to its obligations hereunder, which include underwriting guidelines, training materials and the certification(s) provided. The Department shall have the right to review and copy such records upon request.

18. The Respondent shall provide all required documentation of compliance with the provisions of this Agreement to:

Sylvia M. Berry, Director,
Richmond FHEO Field Office
600 East Broad Street, 3rd Floor
Richmond, Virginia 23219

19. Within thirty (30) days of the effective date of this Agreement, the Respondent shall provide the FHEO Richmond Virginia office with a photocopy of the check and any correspondence sent to the Complainants as referenced in paragraph F of this Agreement.

20. Within one hundred and twenty (120) days of the effective date of this Agreement, the Respondent shall provide the FHEO Richmond Virginia office with the certification of completion of training on the Parental Leave Guidelines as referenced in paragraph G.4 of this Agreement.

21. Within ten (10) days of the three (3) year anniversary of the effective date of this Agreement, the Respondent will provide the FHEO Richmond, VA office with the certification of any additional actions it has taken to promote fair lending and ensure compliance with the Fair Housing Act.

I. ADMINISTRATION

22. 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.

23. 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.

24. 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.

J. CONSEQUENCES OF BREACH

25. 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.

Exhibit A

03.02.05 ***Parental Leave:*** FirstBank prohibits discrimination on the basis of familial status and sex, in addition to other bases that are prohibited by state and federal law. 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 employer due to a child, pregnancy, birth, or securing legal custody (including adoption or foster care) of a child. If an applicant is not currently on parental leave, FirstBank 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. FirstBank 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, FirstBank must consider the applicant employed. It is not inconsistent with section 03.02.05 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.

FirstBank will not originate a mortgage loan application for sale to an investor that requires otherwise qualified applicant 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 FirstBank otherwise believes meets the requirements and other generally applicable underwriting, statutory, and regulatory requirements, FirstBank will approve and fund the application for sale to another investor or retention in FirstBank's portfolio provided the application meets the underwriting requirements of this Loan Policy.

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 FirstBank's practice to approve the application:

1. Written documentation from the applicant stating that the applicant intends to return to active employment and the intended date of return; and

2. Written documentation generated by the applicant's current employer confirming the applicant's eligibility to return to the employer after temporary leave. Acceptable forms of employer documentation that may be obtained from the applicant or employer include, but are not limited to: an employer-approved leave request, a Family Medical Leave Act

document, or other documentation generated by the applicant's employer or third-party designee of the employer.

If an applicant is on, or is scheduled to be on, parental leave, such status shall not disqualify the applicant. FirstBank 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 FirstBank 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 meet generally applicable underwriting requirements, it is not inconsistent with section 03.02.05 for FirstBank 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.

K. SIGNATURES

By signing below, the signatories agree that they intend to be legally bound, and represent that they have the authority to execute this Agreement on behalf of the party they are signing for.

[redacted]	Date
[redacted]	Date
Donald Holsinger, President FirstBank Mortgage Partners	7/15/2014 Date

L. APPROVAL

Melody Taylor-Blancher, FHEO Regional Director U.S. Department of HUD Region III	7/29/2014 Date

K. SIGNATURES

By signing below, the signatories agree that they intend to be legally bound, and represent that they have the authority to execute this Agreement on behalf of the party they are signing for.

[redacted] 7-7-14

Date

[redacted]

Date

Donald Holsinger, President
FirstBank Mortgage Partners

Date

L. APPROVAL

7/29/2014

Melody Taylor-Blancher, FHEO Regional Director
U.S. Department of HUD
Region III

Date

K. SIGNATURES

By signing below, the signatories agree that they intend to be legally bound, and represent that they have the authority to execute this Agreement on behalf of the party they are signing for.

[redacted]	Date
[redacted]	07/15/14 Date
Donald Holsinger, President FirstBank Mortgage Partners	Date

L. APPROVAL

Melody Taylor-Blancher, FHEO Regional Director U.S. Department of HUD Region III	7/29/2014 Date