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Subject: CIT - Additional Information Request
Date: Tuesday, March 17, 2015 7:29:56 PM

Ms. Orme,

This is in reference to the applications filed under section 3 of the Bank Holding Company Act of 1956 by CIT Group Inc. (together with its subsidiaries, "CIT"), Livingston, New Jersey, the holding company of CIT Bank, Salt Lake City, Utah, and Carbon Merger Sub LLC, New York, New York, to acquire all of the voting securities of IMB Holdco LLC and thereby indirectly acquire OneWest Bank, National Association ("OneWest"), both of Pasadena, California. Based on staff's review of the current record, including information provided by participants at the joint public meeting held by the Board and the Office of the Comptroller of the Currency on February 26, 2015 ("Meeting"), the following additional information is requested. Provide supporting documentation as appropriate.

1. Please directly respond to allegations made by participants at the Meeting concerning OneWest's mortgage and reverse mortgage servicing practices. Your response should address, among other things and to the extent not previously provided, the following issues:
 - a. the alleged practice of "dual tracking," whereby OneWest pursued foreclosures during the loan modification process;
 - b. the alleged failure to provide a single point of contact to assist borrowers;
 - c. the alleged practice of foreclosing on homes occupied by spouses of deceased borrowers as well as the practice of prohibiting the spouse and heirs of, and other related parties to, the deceased borrower from paying the mortgage to prevent foreclosure;
 - d. the alleged practice of accelerating foreclosure proceedings beyond contractual and legal requirements;
 - e. the alleged failure by OneWest to keep accurate records and paperwork related to mortgage loans it services as part of the modification and foreclosure processes;
 - f. the alleged practice of advising borrowers to default on their loans in order to qualify for a modification and subsequently foreclosing

- on such defaulted loans;
- g. the alleged practice of requiring borrowers to record trusts; and
- h. the alleged practice of providing inflated appraisals for properties at foreclosure.

In your response to each of the allegations noted above, please discuss:

- the legality of OneWest's practices under relevant state and federal law, including, but not limited to, the California Homeowner Bill of Rights;
- the number of consumer complaints that OneWest has received related to the allegation; and
- any pending litigation or government investigations related to the allegation.

2. Please directly address the allegations made by participants at the Meeting that:

- a. OneWest does not properly maintain foreclosed real property and thereby contributes to blight in, and adversely affects, the relevant communities; and
- b. the convenience and needs of the communities in OneWest's market areas will not be enhanced by the merger because the bank has and will close branches located in minority communities, and because the bank does not offer affordable multi-family housing loan products, which are needed in the areas OneWest serves.

In your response to each of the allegations noted above, please discuss:

- the number of consumer complaints that OneWest has received related to the allegation; and
- any pending litigation or government investigations related to the allegation.

For any branch anticipated to be closed, consolidated, or relocated in 2015 and 2016, including those not being closed, consolidated, or relocated directly in connection with the proposed transaction, provide the branch name, street address, city, state, and zip code. In addition, for each of those branches, provide the branch name, street address, city, state, and zip code for the closest surviving (receiving) branch, as well as the distance from the closed, consolidated, or relocated branch. If any of the branches that you anticipate closing are located in low- or

moderate-income or majority-minority census tracts, describe any additional activities that the bank plans to undertake in order to mitigate the impact of the closing on the community. Finally, provide a copy of your branch closing policies and procedures.

3. Please directly address concerns raised at the Meeting that OneWest and CIT Bank have not met their obligations under the Community Reinvestment Act (“CRA”) because their levels of qualified community investments and community development loans and services are not fully commensurate with the institutions’ capacities, and the available opportunities, to provide such loans, investments, and services in the relevant markets. Please provide updated information on CRA-related activities for CIT Bank and OneWest since October 2014.
4. Given the distinct business and operational profiles of CIT and OneWest, with CIT mainly lending to small and medium size businesses and OneWest primarily engaging in retail banking and residential mortgage lending, please explain how the combined organization will integrate these two distinct business operations, management teams, and cultures. To the extent not already provided, your response should include a detailed explanation of:
 - a. the management systems and programs, policies, procedures, and practices to be implemented at the combined institution, as well as the incentive practices, trainings, and any other relevant information concerning the integration of the distinct business cultures of the two organizations;
 - b. the planned policies and procedures to help ensure compliance by the combined organization with consumer protection statutes and regulations, including, but not limited to, those that apply to fair lending, servicing and loss mitigation. Please also provide a detailed explanation of the planned policies and procedures to help ensure that the combined organization will meet its CRA obligations; and
 - c. to the extent not already mentioned in (b), the planned policies and procedures to address, among other things, underwriting, pricing, redlining, and steering risks related to mortgage and other lending activities, “dual tracking” of foreclosures and loan modifications, service contacts for borrowers, treatment of spouses and heirs of

deceased borrowers, timeframes for foreclosure proceedings, documentation of the modification and foreclosure of mortgage loans, foreclosures and loan modifications, recording of trusts, and foreclosure appraisals.

5. Based on your October 8, 2014, additional information response we understand that CIT Bank is able to compile its internet deposit data by county. Please provide the most recently available information concerning the total internet sourced deposits in each county in which CIT Bank obtains such deposits.
6. Please provide updated pro forma consolidated and parent only balance sheets for CIT as of December 31, 2014. In addition, provide an updated pro forma balance sheet for CIT Bank as of December 31, 2014.
7. Provide updated calculations for CIT and CIT Bank's pro forma tier 1 leverage, common equity tier 1, tier 1 risk-based, and total risk-based capital ratios that take into consideration the impact of any acquisition accounting adjustments as of December 31, 2014.
8. Provide updated classified asset and nonperforming asset metrics as of December 31, 2014 for CIT and OneWest as provided in Confidential Exhibit 4 of the initial application. In addition, provide the same metrics for CIT Bank and OneWest and pro forma classified assets and nonperforming asset metrics for the combined bank.

Any information for which confidential treatment is desired should be so labeled and separately bound in accordance with Section 261.15 of the Board's Rules Regarding Availability of Information. If you have any questions regarding this matter please let us know.

Regards,

Adam J. Cohen
Senior Attorney
Board of Governors of the Federal Reserve System

