



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D.C. 20551

DIVISION OF BANKING
SUPERVISION AND REGULATION

September 24, 2014

Mr. Robert J. Ingato
Executive Vice President
CIT Group Inc.
One CIT Drive
Livingston, New Jersey 07039

Dear Mr. Ingato:

This letter refers to the applications filed by CIT Group Inc. ("CIT Group"), Livingston, New Jersey, and its direct, wholly owned subsidiary, Carbon Merger Sub LLC, New York, New York, pursuant to sections 3(a)(1), (2), (3) and (5) of the Bank Holding Company Act of 1956, as amended, to acquire 100 percent of the outstanding voting securities of IMB HoldCo LLC ("IMB") and thereby indirectly acquire OneWest Bank, National Association ("OneWest Bank"), both of Pasadena, California. Based on staff's review of the current record, the following additional information is required. Please provide a complete, detailed response to each of the following questions, including the questions in the confidential section. Supporting documentation, as appropriate, should be provided. Capitalized terms not defined herein have the same meaning as in the applications.

1. Provide the terms of the debt CIT Group intends to incur to fund the cash portion of the proposed transaction.
2. Provide calculations for CIT Group's pro forma consolidated Basel I tier 1 leverage, tier 1 risk-based, and total risk-based capital ratios as of June 30, 2014.
3. Provide the items listed below for each outstanding loss share agreement OneWest Bank has executed with the Federal Deposit Insurance Corporation ("FDIC"):
 - a. Balance outstanding by asset category as of June 30, 2014
 - b. Amount and type of loss coverage provided by FDIC
 - c. Losses incurred by OneWest Bank and FDIC as of June 30, 2014
 - d. Expected losses to be incurred by OneWest Bank under remaining period of loss share agreement
 - e. Clawback provisions
 - f. Expiration date
4. Discuss the status of the inquiries with FDIC, Federal National Mortgage Association

("FNMA"), and Federal Home Loan Mortgage Corporation ("FHLMC") regarding the continuation of the loss share agreements and servicing agreements with OneWest Bank following consummation of proposed transaction. Provide a copy of written consent or other documentation from the FDIC, FNMA, and FHLMC regarding the status of the agreements each agency has with OneWest Bank following consummation of the proposed transaction.

5. Provide the details of any capital stress testing of the pro forma organization performed by CIT Group as part of the due diligence process. Discuss any additional planned pro forma stress testing.
6. Provide a pro forma organization chart of the combined organization's risk management function.
7. Discuss CIT Group's plans to address the issues in the outstanding Consent Orders against IMB and OneWest Bank, including ensuring safe and sound practices in loss mitigation, loan modification, collection, foreclosure, and mortgage servicing.
8. Provide the status of the application with the Utah Department of Financial Institution to merge CIT Bank, Salt Lake City, Utah, into OneWest Bank.
9. Provide CIT Bank's (1) total internet sourced deposits, (2) brokered deposits, and (3) total lending in each of OneWest Bank's banking markets (Los Angeles, California; Oxnard-Thousand Oaks-Ventura, California; Palm Springs-Cathedral City-Palm Desert, California; and San Diego, California metropolitan statistical areas) as of June 30, 2014.
10. Discuss CIT Group's long term strategy regarding asset and funding mix for the pro forma holding company and combined bank. Include in the discussion CIT Group's plans with respect to retail lending and internet deposit taking and any plans to transfer any of the company's operating lease businesses to the combined bank. In addition, discuss CIT Group's planned branching strategy for the combined bank, including any contemplated geographical expansion and branch closures.
11. Discuss CIT Group's plans to manage OneWest Bank's mortgage servicing assets and nontraditional mortgage loan portfolio, including CIT Group's plans to ensure compliance with relevant federal and state regulations.
12. Provide additional detail on CIT Group's preparedness for complying with the enhanced prudential standards for holding companies with consolidated assets of \$50 billion or more, including key milestones achieved and significant items that remain outstanding for each significant regulatory requirement.
13. Explain the negative \$30.9 million reported by IMB in line 11 "Extraordinary items and other adjustments, net of income taxes" of Schedule HI of the FR Y-9C as of June 30, 2014.

Please provide your response by October 8, 2014. Send a copy of the public portion of your response to the commenter. Any information for which you seek confidential treatment should be so labeled and separately bound in accordance with section 261.15 of the Board's Rules Regarding Availability of Information.

Note that staff may have additional questions regarding the applications. If you have any questions regarding this letter, please contact Jevon Gordon (202) 973-7384 of the Division of Banking Supervision and Regulation; Adam Cohen (202) 912-4658 of the Legal Division; Lisa Joire (202) 785-6036 of the Division of Consumer and Community Affairs; or Jessica Stahl (202) 452-6452 of the Division of Research and Statistics.

Sincerely,



Michael J. Sexton
Deputy Associate Director

cc: Brian Steffey, Officer
Federal Reserve Bank of New York

Matthew R. Lee, Esq.
Inner City Press/Fair Finance Watch (public portion only)

Camille L. Orme, Esq.
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