

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

In the Matter of

THE PNC FINANCIAL SERVICES GROUP, INC.
Pittsburgh, Pennsylvania

Docket No. 17-049-CMP-HC

Order of Assessment of a Civil
Money Penalty Issued Upon Consent
Pursuant to the Federal Deposit
Insurance Act, as Amended

WHEREAS, The PNC Financial Services Group, Inc., Pittsburgh, Pennsylvania (“PNC”), a registered bank holding company, owns and controls PNC Bank, N.A., Wilmington, Delaware (the “Bank”), a national bank that operated PNC Mortgage, Downers Grove, Illinois (“PNC Mortgage”), as a division of the Bank, from November 2009 to December 2011;

WHEREAS, PNC, through Bank, indirectly engages in the business of servicing residential mortgage loans for the Bank, U.S. government-sponsored entities, and various investors;

WHEREAS, with respect to the residential mortgage loans it services, Bank initiates and handles foreclosure proceedings and loss mitigation activities involving nonperforming residential mortgage loans, including activities related to special forbearances, repayment plans, modifications, short refinances, short sales, cash-for-keys, and deeds-in-lieu of foreclosure (collectively, “Loss Mitigation” or “Loss Mitigation Activities”);

WHEREAS, as part of a horizontal review of various major residential mortgage servicers conducted by the Board of Governors of the Federal Reserve System (the “Board of Governors”), the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency (the “OCC”), and the Office of Thrift Supervision, examiners from the Federal Reserve

Bank of Cleveland (the “Reserve Bank”) and the OCC reviewed certain residential mortgage loan servicing and foreclosure-related practices at PNC Mortgage;

WHEREAS, on April 13, 2011, the Bank and the OCC entered into a consent order to address areas of weakness identified by the OCC in residential mortgage loan servicing, Loss Mitigation, foreclosure activities, and related functions (the “OCC Consent Order”);

WHEREAS, in the OCC Consent Order, the OCC made findings, which the Bank neither admitted nor denied, that there were unsafe or unsound practices with respect to the manner in which the Bank handled various foreclosure and related activities;

WHEREAS, as evidenced by the findings in the OCC Consent Order, PNC allegedly failed to provide effective oversight with respect to the residential mortgage loan servicing, Loss Mitigation, foreclosure activities, and related functions of the Bank, including the Bank’s risk management, internal audit, and compliance programs, third party management, document execution practices, and staffing and managerial resources as they pertain to those activities and related functions;

WHEREAS, on April 13, 2011, the Board of Governors and PNC entered into a Consent Order, as amended on February 28, 2013, designed to correct the aforementioned alleged conduct (the “Board Consent Order”);

WHEREAS, the conduct which was the subject of the Board Consent Order allegedly constitutes unsafe or unsound practices in conducting the affairs of PNC within the meaning of section 8 of the Federal Deposit Insurance Act, as amended (12 U.S.C. § 1818) (the “FDI Act”);

WHEREAS, PNC has taken steps to address the risks associated with the conduct that was the subject of the Board Consent Order;

WHEREAS, on June 16, 2015, the OCC terminated the OCC Consent Order;

WHEREAS, the Board of Governors issues this Order of Assessment of a Civil Money Penalty Issued Upon Consent (the “Consent Assessment Order”) against PNC in connection with the conduct that is the subject of the Board Consent Order;

WHEREAS, PNC has consented to the assessment of a civil money penalty in the amount of \$3,500,000 by the Board of Governors (the “CMP”) pursuant to sections 8(b)(3) and (i)(2)(B) of the FDI Act (12 U.S.C. §§ 1818(b)(3) and 1818(i)(2)(B));

WHEREAS, the board of directors of PNC, at a duly constituted meeting, authorized Gregory B. Jordan, General Counsel and Chief Administrative Officer, to enter into this Consent Assessment Order on behalf of PNC, and consent to compliance with each and every applicable provision of this Consent Assessment Order by PNC and its institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the FDI Act (12 U.S.C. §§ 1813(u) and 1818(b)(3)), and waive any and all rights that PNC may have pursuant to section 8 of the FDI Act (12 U.S.C. § 1818), including, but not limited to: (i) the issuance of a notice of assessment of civil money penalty; (ii) a hearing for the purpose of taking evidence on any matters set forth in this Consent Assessment Order; (iii) judicial review of this Consent Assessment Order; (iv) contest the issuance of this Consent Assessment Order by the Board of Governors; and (v) challenge or contest, in any manner, the basis, issuance, validity, terms, effectiveness or enforceability of this Consent Assessment Order or any provision hereof.

NOW, THEREFORE, before the filing of any notices, or taking of any testimony or adjudication of or finding on any issues of fact or law herein, and solely for the purpose of settling this matter without a formal proceeding being filed and without the necessity for protracted or extended hearings or testimony, it is hereby ORDERED by the Board of

Governors, pursuant to sections 8(b)(3) and (i)(2)(B) of the FDI Act (12 U.S.C. §§ 1818(b)(3) and 1818(i)(2)(B)), that:

1. The Board of Governors hereby assesses a civil money penalty in the amount of \$3,500,000 to be paid upon the execution of this Consent Assessment Order by Fedwire transfer of immediately available funds to the Federal Reserve Bank of Richmond, ABA No. 051000033, beneficiary, Board of Governors of the Federal Reserve System. This penalty is deemed to be a penalty paid to a government agency for a violation of law for purposes of 26 U.S.C. § 162(f) and 26 C.F.R. § 1.162-21. The Federal Reserve Bank of Richmond, on behalf of the Board of Governors, shall distribute this sum to the U.S. Department of the Treasury, pursuant to section 8(i) of the FDI Act (12 U.S.C. § 1818(i)).

Notices

2. All communications regarding this Order shall be sent to:

- (a) Richard M. Ashton, Esq.
Deputy General Counsel
Patrick M. Bryan, Esq.
Assistant General Counsel
Board of Governors of the Federal Reserve System
20th and C Streets N.W.
Washington, D.C. 20551
- (b) Gregory B. Jordan
General Counsel and Chief Administrative Officer
The PNC Financial Services Group, Inc.
300 Fifth Avenue
PNC Tower
Pittsburgh, Pennsylvania 15222

Miscellaneous

3. The provisions of this Consent Assessment Order shall be binding on PNC and its institution-affiliated parties in their capacities as such, and their successors and assigns.

4. Each provision of this Consent Assessment Order shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Board of Governors.

5. Notwithstanding any provisions in the Board Consent Order, the Board of Governors hereby releases and discharges PNC and its affiliates, successors, and assigns from all potential liability that has been or might have been asserted by the Board of Governors based on the conduct that is the subject of this Consent Assessment Order or the Board Consent Order, to the extent known to the Board of Governors as of the effective date of this Consent Assessment Order. The foregoing release and discharge shall not preclude or affect any right of the Board of Governors to determine and ensure compliance with this Consent Assessment Order, or any proceedings brought by the Board of Governors to enforce the terms of this Consent Assessment Order.

6. Nothing in this Consent Assessment Order, express or implied, shall give to any person or entity, other than the parties hereto, and their successors hereunder, any legal or equitable right, remedy or claim under this Consent Assessment Order.

By Order of the Board of Governors effective this 12th day of January, 2018.

THE PNC FINANCIAL SERVICES
GROUP, INC.

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

By: /s/ Gregory B. Jordan
Gregory B. Jordan
General Counsel and
Chief Administrative Officer

By: /s/ Ann E. Misback
Ann E. Misback
Secretary of the Board