

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

In the Matter of

U.S. BANCORP
Minneapolis, Minnesota

Docket No. 17-050-CMP-HC

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

WHEREAS, U.S. Bancorp, Minneapolis, Minnesota (“USB”), a registered bank holding company, owns and controls U.S. Bank National Association, Cincinnati, Ohio and U.S. Bank National Association ND, Fargo, North Dakota (collectively, the “Banks”), national banks that operate U.S. Bank Home Mortgage and U.S. Bank Consumer Finance (collectively, the “Mortgage Divisions”);

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

WHEREAS, with respect to the residential mortgage loans it services, the Mortgage Divisions initiate and handle 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 Minneapolis (the “Reserve Bank”) and the OCC reviewed certain residential mortgage loan servicing and foreclosure-related practices at the Mortgage Divisions;

WHEREAS, on April 13, 2011, the Banks 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 Banks neither admitted nor denied, that there were unsafe or unsound practices with respect to the manner in which the Banks handled various foreclosure and related activities;

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

WHEREAS, on April 13, 2011, the Board of Governors and USB 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 USB within the meaning of section 8 of the Federal Deposit Insurance Act, as amended (12 U.S.C. § 1818) (the “FDI Act”);

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

WHEREAS, on February 8, 2016, 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 USB in connection with the conduct that is the subject of the Board Consent Order;

WHEREAS, USB has consented to the assessment of a civil money penalty in the amount of \$4,400,000 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 USB, at a duly constituted meeting, authorized P.W. Parker, Vice Chairman and Chief Risk Officer, and James L. Chosy, Executive Vice President and General Counsel, to enter into this Consent Assessment Order on behalf of USB, and consent to compliance with each and every applicable provision of this Consent Assessment Order by USB 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 USB 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 \$4,400,000 to be paid upon execution of this Consent Assessment Order by Fedwire transfer of immediately available funds to the Federal Reserve Bank of Richmond, ABA No. 05 1000033, 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) James L. Chosy
Executive Vice President and General Counsel
U.S. Bancorp
800 Nicollet Mall, BC-MN-H23I
Minneapolis, Minnesota 55402

Miscellaneous

3. The provisions of this Consent Assessment Order shall be binding on USB 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 provision in the Board Consent Order, the Board of Governors hereby releases and discharges USB 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.

U.S. BANCORP

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

By: /s/ James L. Chosy
James L. Chosy
Executive Vice President
General Counsel

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