

STATE OF NEBRASKA



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NDBF JOINS 35 STATE SETTLEMENT WITH CITIFINANCIAL

Lincoln, Neb., March 24, 2010—The Nebraska Department of Banking and Finance today announced that it has joined a 35 State settlement agreement with CitiFinancial and its mortgage lending entities. The agreement between CitiFinancial and state mortgage regulators was executed after an examination conducted by the Massachusetts Division of Banks to determine compliance with state and federal consumer protection laws. The examination found that CitiFinancial had failed to report 91,127 residential mortgage loans to the federal government as required by the Home Mortgage Disclosure Act (HMDA), including 472 Nebraska loans that were not reported. The mortgage loans that were omitted from CitiFinancial's HMDA Loan Application Register were originated between 2004 through 2007. The underreporting of the mortgage loans was apparently caused by an internal systems error at CitiFinancial that went undetected until the Massachusetts examination.

HMDA was enacted in 1975 and is implemented by the Federal Reserve Board's Regulation C. It requires mortgage lenders to report certain data regarding mortgage loan transactions to the Federal Reserve System. The public data is principally used by regulators to measure how banks are meeting the credit needs of the communities in which they do business and to identify patterns of potentially discriminatory lending practices. Each lender must submit data fields for each mortgage loan application it receives including the following: the loan amount; the location of the property; the race, ethnicity, and gender of the borrower(s); and whether the loan was approved or denied.

Major terms of the agreement include:

- CitiFinancial has resubmitted corrected and complete HMDA reports to the Federal Reserve System for the years 2004 through 2007;
- CitiFinancial shall engage an independent consultant to conduct a thorough fair lending review to ensure the data from the previously unreported 91,127 mortgage transactions does not in any way demonstrate a pattern or practice of discriminatory lending practices;
- CitiFinancial shall thoroughly review and substantially modify its internal control procedures to ensure all reportable HMDA transactions are accurately compiled and reported; and
- CitiFinancial shall remit a total of \$1.25 million to the 35 states that are parties to this agreement. Nebraska will receive \$14,149.55 as its share of the settlement with CitiFinancial.

The 35 State mortgage regulators included in this settlement agreement are from the following States: Alabama, Arizona, Connecticut, Delaware, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine,

Maryland, Massachusetts, Michigan, Mississippi, Montana, Nebraska, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Utah, Vermont, Virginia, Washington, and West Virginia.

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