

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF INDIANA
HAMMOND DIVISION**

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	NO. 2:06-CV-344
)	
vs.)	
)	
CENTIER BANK,)	
)	
Defendant.)	

CONSENT ORDER

INTRODUCTION

This order is submitted jointly by the parties for the approval of and entry by the Court simultaneously with the filing of the United States' complaint in this action. The order resolves the claims of the United States that Defendant, Centier Bank ("Centier" or "the Bank"), has engaged in a pattern or practice of conduct in violation of the Fair Housing Act (FHA), 42 U.S.C. §§ 3601-3619, and the Equal Credit Opportunity Act (ECOA), 15 U.S.C. §§ 1691-1691f, by discriminating on the basis of race, color, and national origin in the extension of residential real estate-related and small business credit in the Gary, Indiana, metropolitan area.

The United States contends that the Bank has avoided doing business in and serving the lending needs of majority minority

census tracts in the Gary metropolitan area¹. The complaint alleges that the Bank's policies and practices have denied the residents of majority minority census tracts an equal opportunity to obtain residential real estate-related and small business financing because of the racial and ethnic composition of those tracts.

The Bank denies that it engaged in race or national origin discrimination in its branching, marketing, solicitation or extension of credit, or that any act or omission on its part as alleged in the Complaint filed by the United States, or in this Agreement, in any way violated either the Fair Housing Act or the Equal Credit Opportunity Act. Nevertheless, because the Bank is committed to providing for the credit needs of all businesses and individuals in Northwest Indiana, including the Cities of Gary, East Chicago, and Hammond, the Bank voluntarily consents to the entry of this Agreement. Moreover, through the specific activities articulated in this Agreement, the Bank affirms its strong commitment to be an industry leader in lending throughout Northwest Indiana.

¹ For the purposes of this Order, the term "majority minority" or "minority" census tract is defined to mean a census tract whose population is more than 50% other than non-Hispanic white. The term "majority white" or "white" census tract is defined to mean a census tract whose population is more than 50% non-Hispanic white. The minority census tracts, based on the 2000 Census, are listed on Exhibit A hereto.

There has been no factual finding or adjudication with respect to any matter alleged by the United States. Accordingly, the execution of this Order is not, and is not to be considered as, an admission or finding of any violation of the FHA or the ECOA by the Bank. Rather, the parties have entered into this agreed Order to resolve voluntarily the claims asserted by the United States in order to avoid the risks and burdens of litigation. The parties agree that full implementation of the terms of this Order will provide a fair and reasonable resolution of the allegations of the United States in a manner consistent with the Bank's legitimate business interests.

Under the provisions of this Order, the Bank has committed itself to a program designed to improve its performance in meeting the credit needs of residents of and small businesses located in majority minority census tracts. The Bank will ensure that its lending products and services are made available and marketed in majority minority census tracts on no less favorable a basis than in white residential areas. The Bank commits itself to take all reasonable, practicable actions, consistent with safety and soundness, to increase the level of its residential and small business lending in majority minority census tracts, with the ultimate objective of extending credit there at a level comparable to its lending in majority white census tracts. The remedial plan

to achieve this objective, detailed in subsequent sections of this Order, includes the opening of new branches in majority minority census tracts (hereinafter referred to as "designated" areas or tracts), investment in those areas through subsidized loan offerings, targeted marketing programs, and expanded outreach and education efforts in those areas in order to remedy the effects of the Bank's alleged discriminatory practices.

SUMMARY OF UNITED STATES' ALLEGATIONS

Centier Bank is an Indiana state-chartered bank head-quartered in Whiting, Indiana. It has approximately \$1.5 billion in assets and deposits of over \$1.1 billion, the second-largest deposit market share in the Gary metropolitan area. The Bank is primarily a residential real estate and small business lender, and has been one of the Gary area's largest volume lenders in each category for at least the past five years.

During the past 20 years, the Bank has expanded its business, including extending credit for residential real-estate related and small business transactions, to substantial portions of the Gary metropolitan area and beyond.² From eleven branches in 1985, Centier has grown to its current network of forty branch offices

² For the purposes of this Order, the term "Gary metropolitan area" means the counties of Lake and Porter.

located throughout the Northwest Indiana region. The expansion of the Bank's business has taken place in a metropolitan area with residential patterns extremely segregated both by race and national origin. The United States alleges that in operating and extending the scope of its business, Centier has acted to meet the residential and small business credit needs of predominantly white residential areas while avoiding serving the lending and credit needs of majority minority neighborhoods, most of which are located in the cities of Gary, East Chicago, and Hammond.

The United States alleges that Centier has engaged in a pattern of locating or acquiring branch offices outside of communities with a majority of African-American and/or Hispanic residents. By January 2001, Centier had 27 branch offices throughout the Gary metropolitan area, but none in a majority minority census tract. Not until late 2002 did the Bank open a branch in Gary. It subsequently opened two in-store supermarket branches in East Chicago and Hammond, but during the same period added seven more full-service branches in white suburban communities. The United States also alleges that none of the branches in Gary, East Chicago, or Hammond has offered the full range of lending services available at Centier's full-service branches located in white suburban communities and that information

about those services has not been readily available to prospective customers at those three branches.

The United States further alleges that Centier's unlawful consideration of race and national origin in its business practices is demonstrated by its advertising and marketing practices. For years, the Bank has directed its print and radio advertising solely to "general audience" media, although minority format radio stations and newspapers with primarily minority readership exist in the Gary metropolitan area market.

Additionally, until 1999, Centier excluded nearly all the majority minority census tracts in the Gary metropolitan area from its assessment area, also known as its community service area, under the Community Reinvestment Act of 1977, 12 U.S.C. §§2901-2906 (CRA). This meant the exclusion of nearly all of the cities of Gary, East Chicago, and Hammond from that area. The Bank changed its assessment area boundaries to include all of those three cities only after the 1999 compliance examination conducted by its federal regulator, the Federal Deposit Insurance Corporation.

The United States also contends that statistical analyses of Centier's residential and small business lending over the past five years (2000-2004) demonstrate that it has consistently served the credit needs of residents and owners of small businesses in majority white neighborhoods of the Gary area to a significantly

greater extent than it has served the credit needs of the residents and owners of small businesses located in majority minority neighborhoods. During this five-year time period, only 4.8% of the residential loan applications Centier generated were secured by property located in majority minority census tracts - in a metropolitan area in which, according to the 2000 Census, 38% of the census tracts are majority minority tracts. By contrast, 18.4% of such applications generated by the aggregate of all lenders in the Gary metropolitan area during this time period were secured by property located in majority minority census tracts. Although Centier is one of the largest volume residential lenders in the Gary SMSA, fewer than 1% of its residential loan applications from 2000-2004 were secured by property located in majority minority census tracts. Of the \$741.6 million in residential loans Centier originated over those five years, only 1.65%, \$12.2 million, has involved property located in majority minority census tracts.

In summary, the United States contends that the Bank's credit-related policies and practices, taken as a whole, have been implemented with the purpose and effect of discriminating on the basis of race, color, and national origin in the extension of residential real estate-related and small business credit (a practice commonly referred to as redlining), thereby denying residents and owners of small businesses in majority minority

census tracts in the Gary metropolitan area equal access to credit, in violation of both the FHA and the ECOA.

THE BANK'S RESPONSE TO UNITED STATES' ALLEGATIONS

Centier Bank denies the United States' allegations and maintains that at all times it conducted its lending in compliance with the letter and spirit of the fair lending laws and in a non-discriminatory manner. Centier acknowledges that it is a relatively new entrant into the cities of Gary, East Chicago and Hammond. From the time Centier's first branch opened in Highland, Indiana, in 1963 and for more than twenty years thereafter, Centier was prohibited by Indiana law from branching into cities in which resided the home office of another banking institution. This restriction included the cities of Gary, East Chicago and Hammond. Centier was able to grow through the acquisition of other banks in the 1980s, after which it aggressively sought to make loans, primarily to small businesses serving the Northwest Indiana steel industry.

Due to the steel belt recession in the 1980s, Northwest Indiana's economy declined precipitously. The steel and real estate industries were particularly impacted by this decline, resulting in losses to Centier due to its strategy of making loans to steel-related businesses and a lack of capability on the part of

local businesses and residents to support loans. This economic downturn has persisted over the past twenty (20) years. The Federal Reserve Board has chronicled an increase in unemployment in Lake County in recent years: a precipitous drop in manufacturing jobs from 1991-1999 after the loss of over 60,000 steel-related manufacturing jobs in the 1980s, and the bankruptcies of two major steel-producing companies in 2001, resulting in additional layoffs.³

Centier maintains that the long-standing presence of certain other banks in Gary, East Chicago and Hammond coupled with the severe economic downturn occurring just as Indiana's branching restrictions eased in the 1980s and continuing until today, has made it difficult for Centier to gain a significant market share of loans in the Gary, East Chicago and Hammond loan markets. Because other banks had the opportunity to develop a major share of the loan market prior to the time Centier was permitted entry into those markets, and the economy of the area has restricted the number of households that can afford to service a mortgage, Centier's loan opportunities in those three cities have been limited. Nonetheless, Centier has sought to branch into the Gary, East Chicago and Hammond markets, expending considerable effort to

³ Robin Newberger & Marina Plavnik, Federal Reserve Bank of Chicago, Gary Indiana Metropolitan Statistical Area: MSA Profile and Investment Opportunities (December 2001).

open additional branches, particularly in Gary, since 1999 and eventually opening branches in Gary and East Chicago in late 2002 and a branch in Hammond in late 2003. It continues to strive to originate loans in these communities.

In summary, while Centier acknowledges that its percentage of loans originated in majority minority census tracts is less than the aggregate percentage of such loans on the part of all banks in the area, it has never intended such an outcome and has never deliberately discriminated against any individuals, groups, or areas based on race or national origin. Rather, it was prevented by circumstances from making inroads into the market in these areas and has recently sought to develop a banking presence in those areas.

**PROACTIVE INITIATIVES BY CENTIER
PRECEDING ENTRY OF CONSENT DECREE**

The United States recognizes that Centier Bank has already undertaken initiatives to help meet the credit needs of the residents in majority minority neighborhoods in Gary, East Chicago, and Hammond. In 2002 and 2003, prior to the United States' investigation, Centier opened branches in each of those three (3) cities. In addition, Centier has taken other steps since receiving notice of the United States' investigation and subsequently

proposed lawsuit. Those actions include, but are not limited to, the following:

- In July 2006, Centier hired a Vice President and Director of Community Lending who is an African-American with significant experience in loan origination in the Gary, East Chicago and Hammond markets. He is assisted by two additional loan originators, one who is African-American and one who is Hispanic and fluent in Spanish. These latter two individuals are now located in the Gary branch. The Hispanic loan originator will later be located in an expanded East Chicago branch of Centier.
- Centier's Community Relations Coordinator and its Hispanic loan originator have provided financial literacy and home ownership instruction.
- In partnership with Freddie Mac, Centier has provided funding to the Consumer Credit Counseling Service of Indiana to provide assistance to residents of lower-income neighborhoods in Lake County, Indiana, in obtaining affordable housing.
- Centier has collaborated with Neighborhoods, Inc. to originate home improvement loans in Hammond as well as other low to moderate income areas, with reduced interest

rates and a loan origination fee paid to Neighborhoods, Inc.

- Centier has collaborated with the City of Gary Department of Community Development, offering a special reduced interest rate on home improvement loans in Gary, and has marketed its services to first time home buyers through the Department as well as conducting first time home buyer seminars.

The United States agrees that these initial efforts represent positive steps to address issues which are the subject of the United States' complaint. These actions are hereby incorporated by reference into the marketing and outreach plan described below.

REMEDIAL ORDER

General Nondiscrimination Injunction

1. Centier Bank, including all of its officers, employees, agents, representatives, assignees, and successors in interest, and all those in active concert or participation with any of them, is hereby enjoined from engaging in any act or practice which discriminates on the basis of race, color, or national origin in any aspect of a residential real estate-related transaction in violation of the Fair Housing Act, 42 U.S.C. §§3604 and 3605, or in

any aspect of a credit transaction in violation of the Equal Credit Opportunity Act, 15 U.S.C. §1691(a)(1). This prohibition includes, but is not limited to: the selection of sites for and the provision of services at branch offices; marketing; the definition of an assessment area under the Community Reinvestment Act; and the determination of geographic areas in which loan applications are solicited or funded, except to remedy the violations alleged by the United States.

2. Centier shall take the actions necessary to ensure that the Bank offers and provides all persons with an equal opportunity to apply for and obtain credit, regardless of the predominate race, color, or national origin of the area in which a person lives, or the area in which the property securing the loan or the small business is located. Those actions include, but are not limited to, the remedial actions specified in this Order.

General Principles

3. The Bank shall take all reasonable, practicable steps consistent with safety and soundness, including, but not limited to, those specified below, to ensure that all types of credit it offers - including residential and CRA small business loan products - are made available and marketed in majority minority census tracts on no less favorable a basis than in majority white census

tracts so that all persons throughout the Gary metropolitan area will have an equal opportunity to access and obtain credit from the Bank.

4. This Order requires the Bank to take these actions to remedy Centier's alleged discrimination. The Bank retains the discretion to take any additional actions it believes are appropriate to achieve the goals of this Order and shall provide written notice to the United States thirty (30) days prior to implementation of any such additional actions during the term of this Order.

Lending Initiatives

Community Reinvestment Act Assessment Area

5. In late 1999, the Bank revised its CRA assessment area to include all of the Gary MSA, then defined to include the whole of Lake and Porter counties.⁴ The Bank agrees to continue to include the entirety of those two counties in its CRA assessment area. Nothing in this Order precludes the Bank from expanding its CRA assessment area in the future in a manner consistent with the provisions of the CRA and its implementing regulations.

⁴ Since that time, the Bank has further expanded its assessment area.

Additional Branch Locations and Services

6. Centier's residential lending and, to a lesser extent, its CRA small business lending, have been generated primarily by the activities of loan officers based in branch offices. The Bank shall evaluate future opportunities for expansion, whether by acquisition or opening new offices, in a manner consistent with achieving the remedial goals of this Order.

7. Within nine (9) months of the entry of the Consent Order, Centier will expand its current East Chicago, Indiana, in-store supermarket office to include two (2) private offices and a conference room. This branch is located in a majority-Hispanic census tract. From the time the expansion is completed, through the term of the Consent Order, Centier will place at least one full-time residential lender at this office, fully trained in all aspects of home mortgage and home equity lending. This lender's training will also encompass the fair lending obligations of banks under the Fair Housing Act, the Equal Credit Opportunity Act, and the Community Reinvestment Act. Centier will offer its full range of banking and residential lending services at this branch. Further, this branch will provide access to small business lending services and expertise comparable to that provided at its branches in majority white census tracts. The Bank will also provide at

least one employee at this branch who is fluent in Spanish and is fully trained to handle lending transactions.

8. The Bank shall open or acquire at least two (2) additional full-service branch offices located in the designated areas. These new branches will provide the complete range of services typically offered at the Bank's full-service branches in the suburban areas of Lake and Porter Counties. These lending services encompass, but are not limited to: (a) the full range of residential lending services, including a full-time on-site residential lending officer; and (b) both information about business lending options and access to a business lending specialist comparable to that provided at the Bank's branches located in majority white census tracts. The Bank shall promptly evaluate possible locations in the designated tracts for these two new branches and shall present its proposals for the new branches to the United States for its review and approval, which shall not be unreasonably withheld, within six (6) months of the date of entry of this Order for the first and within eighteen (18) months for the second.

9. Centier will make all reasonable efforts, subject to local government and regulatory approval, to open or acquire a new branch in a majority African-American census tract within eighteen (18) months of the entry of the Consent Order. Centier will place at least one full-time residential lender at this office, fully

trained in all aspects of home mortgage and home equity lending. This lender's training will also encompass the fair lending obligations of banks under the Fair Housing Act, the Equal Credit Opportunity Act, and the Community Reinvestment Act. The branch will offer the full range of banking and residential lending services offered by Centier. Further, the branch will provide access to small business lending services and expertise comparable to that provided at the Bank's branches in majority white census tracts.

10. Centier will make all reasonable efforts, subject to local government and regulatory approval, to open or acquire a second new branch in a majority African-American census tract within twenty-four (24) months of the entry of this Order. Centier will place at least one full-time residential lender at this office, fully trained in all aspects of home mortgage and home equity lending. This lender's training will also encompass the fair lending obligations of banks under the Fair Housing Act, the Equal Credit Opportunity Act, and the Community Reinvestment Act. The branch will offer the full range of banking and residential lending services offered by Centier. Further, the branch will provide access to small business lending services and expertise comparable to that provided at the Bank's branches in majority white census tracts.

11. To meet the target dates for the opening of these new branches, the Bank shall act as quickly as possible to obtain any required local or state governmental permits and approvals and to seek the approval of its federal regulator, currently the Federal Deposit Insurance Corporation.

12. The Bank shall ensure that its existing Gary branch offers the full range of banking and residential lending services offered by Centier. Further, the branch will provide access to small business lending services and expertise, comparable to that provided at the Bank's full-service branches located in majority white census tracts. The Bank shall also ensure the ready availability of complete information concerning access to the full range of its banking and lending services at its existing in-store branch located in Hammond, comparable to that information provided at the Bank's in-store branches located in majority white census tracts. The Bank shall further ensure that these comparable levels of service and information will be provided at all future branches in Gary, Hammond and East Chicago.

13. Nothing in this Order precludes the Bank from opening or acquiring additional branch offices in the designated census tracts or elsewhere. Nor does any provision of this Order require the Bank to consult with the United States regarding its opening or

acquisition of any other branches or offices except as required by law.

Staff

14. For the duration of this Order, Centier shall continue to employ a full-time Director of Community Lending, whose primary responsibilities will include overseeing the development of the Bank's lending in the designated census tracts and compliance with the provisions of this Order. The Director will supervise the activities of loan officers regarding the solicitation and origination of loans in the designated census tracts, including the special loan programs identified in this Order; coordinate the Bank's involvement in community lending initiatives and outreach programs; serve as a resource to lending staff to encourage and develop more lending within the designated census tracts; ensure the training of the staff at all branch offices (both existing and new) in the designated tracts in all aspects of the Bank's lending processes; and report directly to the Bank's Board of Directors on the progress of these initiatives at least quarterly, including recommending changes in these programs to increase their effectiveness. At least one bank employee who is fluent in Spanish and has been fully trained to handle lending transactions will be available at the newly-expanded branch office in East Chicago.

This person, a current loan officer already identified by Centier for this purpose, shall be responsible for developing community lending initiatives and outreach programs to attract customers from and serve the lending needs of the Hispanic communities.

15. The Bank shall provide periodic training to all employees and agents with significant involvement in residential and CRA small business lending to ensure that their activities are conducted in a nondiscriminatory manner. This training shall encompass their fair lending obligations under the FHA, the ECOA, their obligations under the CRA, and their responsibilities under this Order. Such training shall be conducted by Centier's Director of Community Lending, Manager of Mortgage and Consumer Lending, and training and education staff. In addition, within fifteen (15) days of the entry of this Order, the Bank shall provide to all such employees an explanation and copies of the applicable provisions of this Order, and allow an opportunity for such employees to have any questions concerning the Order answered.

Advertising and Outreach

16. The Bank shall expand its marketing, advertising, and outreach programs to improve its performance in meeting the credit needs of the residents and businesses in majority minority census tracts in the Gary metropolitan area.

17. The Bank shall spend a minimum of \$375,000 on the targeted advertising and marketing campaign described in paragraphs (a)-(d) below over the term of this Order. This program shall be specifically targeted to generate significant additional numbers of applications for all types of its credit products from qualified residents and small businesses in majority minority census tracts. This program shall include, at a minimum, the following components:

(a) Print Media. During each year of this Order, in addition to any other print advertising, the Bank shall advertise in at least one print medium specifically directed to African-American readers and at least one print medium directed to Hispanic readers. These advertisements, viewed in their entirety over the course of a year, shall include the Bank's full range of principal credit products, including any special products or services made available as part of this Order.⁵ The Bank retains the discretion to determine the size, content, and frequency of such advertising subject to the standards set forth above. In Spanish or other foreign language publications, the text of the majority of the advertisements shall be in the language commonly used by the readers of such publications. The Bank may choose to expand this

⁵ The Bank need not include every credit product it offers in each advertisement, but must include in this targeted advertising over the course of a year the Bank's principal products and all special credit products or programs available under the terms of this Order.

targeted advertising in additional print media directed to African-American, Hispanic, or other minority readers.

(b) Radio. During each year of this Order, the Bank shall place radio advertisements on at least two minority-oriented Gary-area radio stations, at least one whose programming is oriented toward African-American listeners and one oriented toward Hispanic listeners. The radio advertising, viewed in its entirety over the course of a year, shall include the Bank's full range of principal loan products, including any special products or services made available under this Order. The Bank retains the discretion to determine the content and frequency of such radio spots subject to the standards set forth above and to place such advertising on additional minority-oriented stations.

The parties acknowledge that the Bank has already begun frequent advertising in media targeted to African-American and Hispanic audiences.

(c) Promotional Materials. The Bank shall create point-of-distribution materials, such as posters and brochures, targeted toward the subject areas to advertise products and services it offers, including any special loan products or services made available pursuant to this Order. These materials shall be published in English, Spanish, and any other foreign languages commonly used in the Gary metropolitan area. The Bank shall place

or display these promotional materials in its branch offices and additional, appropriate distribution locations throughout the designated census tracts.

(d) Direct Mailings. The Bank also may utilize direct mailing to advertise the new branch locations and/or the loan program required by this Order to residents and small businesses in the designated census tracts, so long as those mailings are not targeted exclusively or primarily at existing customers.

(e) All of the Bank's print advertising and promotional materials shall contain an equal housing opportunity logotype, slogan, or statement. All of the Bank's radio and television advertisements shall include the audible statement "Equal Opportunity Lender" or "Prestamista que provee igualdad de oportunidad al préstamo" [Spanish translation].

(f) In addition to the targeted efforts described in subparagraphs (a)-(d), during the term of this Order, the Bank will conduct a minimum of six (6) outreach programs per year for real estate brokers and agents, developers, and public or private entities doing business in majority minority census tracts, to inform them of the products and services the Bank offers, including those detailed in this Order, and to otherwise develop business relationships with them. These programs shall be offered at

locations reasonably convenient to the business operations of the attendees.

Credit Needs Assessment

18. Within two (2) months of the entry of this Order, the Bank shall begin an assessment of the residential real estate-related and small business credit needs of the Gary area's majority minority census tracts. This assessment shall include, but not be limited to: (a) analysis of the most recent available demographic and socioeconomic data about those census tracts; (b) evaluation of the residential and small business credit needs of and corresponding lending opportunities in majority minority census tracts; (c) consideration of how the Bank's residential and small business lending operations can serve the remedial goals of this Order; and (d) thorough review of the availability of relevant federal, state, and local governmental programs and evaluation of how participation in each of them would assist in achieving the remedial goals of this Order. The Bank may retain outside parties to provide expert analysis and assistance in performing this assessment.

19. In accomplishing this assessment, Bank representatives shall also meet with representatives of at least six (6) Gary metropolitan area community organizations significantly involved in

promoting fair lending, home ownership, or residential or small business development in majority minority census tracts. The Bank may also meet with representatives of any other appropriate entities in conducting this needs assessment.

20. The Bank shall present to counsel for the United States a written report of this special credit needs assessment, together with recommendations, if any, for actions beyond those specified in this Order to be taken to meet those needs, not later than six (6) months after the entry of this Order.

21. For the term of this Order, the Bank shall meet annually with community organizations as part of an ongoing credit needs assessment and evaluation of its business plan, in order to better meet the residential and small business credit needs of the residents and small businesses in the designated census tracts.

Consumer Education

22. The parties acknowledge that financially educated consumers are essential to the remedial goal of sustained increases in the Bank's residential and small business lending in majority minority census tracts in the Gary metropolitan area. To help identify and develop qualified loan applicants from majority minority census tracts, the Bank shall invest a minimum of \$500,000 over the term of this Order to provide credit counseling, financial

literacy, business planning, and other related educational programs targeted at the residents and small businesses in these areas.⁶ The parties acknowledge that Centier has engaged in providing such educational programs since late 2004.

The Bank shall allocate a minimum of one-half of this \$500,000 to sponsor such programs offered by community or governmental organizations engaged in fair lending work. Such programs shall also be offered where appropriate in Spanish and any other foreign languages commonly used in the Gary area's majority minority census tracts.

SATISFACTION OF UNITED STATES' CLAIMS FOR MONETARY RELIEF

23. In addition to the monetary commitments detailed above, Centier will invest a minimum of \$3.5 million over the duration of this Order in the special financing program described below for residential and CRA small business loans.⁷ When combined with the other financial commitments described herein, this special lending

⁶ Reasonable costs associated with the development and implementation of this consumer education initiative may be included in the calculation of the amount invested by the Bank.

⁷ With respect to the Bank's home mortgage subsidy program, no loan originated under this program shall exceed the conforming loan limit applicable to Fannie Mae and Freddie Mac, as determined annually by the Federal Housing Finance Board (currently \$417,000).

program will satisfy fully the claims of the United States for damages and other monetary relief in this case.

24. Through this special financing program for these categories of loans, the Bank will offer qualified residents and businesses (for CRA small business loans) in majority minority census tracts loan products at interest rates and/or on terms that are more advantageous to the applicant than it would normally provide.

25. The Bank will subsidize each covered transaction by one or more of the following means: an interest rate below that which the Bank would normally charge, down payment or closing cost grants or assistance, or other financial aid.⁸ Under this special financing program, the Bank may provide one or more of the following forms of financial assistance to any qualified applicant:

⁸ For purposes of this Order, the loan subsidy amount calculation will be the reduction in the monthly payment from the standard monthly payment based on the borrower's qualifications which result from the interest rate reduction the borrower receives (amortized over the full term of the loan) times the number of monthly payments for the time periods as set forth below for various loan types:

- (a) First mortgages at 7.5 years;
- (b) Home equity loans and lines of credit at 5 years; and,
- (c) Small business and community development loans at the term of the note (generally 1 to 5 years).

(a) a loan for a home purchase, refinancing, or home improvement at an interest rate a minimum of 1/2 of a percentage point (50 basis points) below the otherwise prevailing rate, provided that if the prevailing rate (APR) for any such loan exceeds 8% at any time during the term of this Order, the interest rate subsidy shall be a minimum of 1%, and if the prevailing APR exceeds 9% at any time during the term of this Order, the subsidy shall be a minimum of 1.5%;

(b) a home purchase loan at the Bank's prevailing prime interest rate for a conventional fixed-interest rate mortgage to a borrower who would ordinarily not qualify for such rates for reasons including, for example, the lack of required credit quality, income, or down payment;

(c) a direct grant of a minimum of 2% of the loan amount, up to a maximum of 3% for the purpose of down payment assistance; or

(d) closing cost assistance in the form of a direct grant of a minimum of \$500.00 and a maximum of \$1,000.00.

26. The Bank retains the discretion to offer more than one, or all, of the foregoing forms of financial assistance to qualified applicants on an individual basis as it deems appropriate under the unique factual circumstances of a particular application. The Bank will exercise this discretion in a manner which maximizes the likelihood that it will originate a loan to a qualified applicant,

consistent with applicable underwriting guidelines and safety and soundness standards.

27. The Bank shall have discretion to provide the loan subsidy among its residential and CRA small business loan products. However, the Bank shall use its best efforts to implement this subsidy program in a manner such that, of the total dollar volume of loans each year subsidized by this special program, at least 25% are CRA small business loans.

28. Although all residents or businesses in any of the designated census tracts may be eligible for assistance under this special financing program, the Bank shall take appropriate steps to promote an equitable distribution of these investment funds among all the designated census tracts.

29. No provision of this Order, including this special financing program commitment, requires the Bank to make any unsafe or unsound loan. During the term of this Order, the Bank shall assess the effectiveness of this special financing program in achieving its remedial goal and shall recommend to the United States any changes it reasonably believes are necessary and appropriate to increase its effectiveness.

EVALUATING AND MONITORING COMPLIANCE

30. For the duration of this Order, Centier shall retain all records relating to its obligations hereunder, including its residential and small business lending activities, as well as its advertising, outreach, branching, special programs, and other compliance activities as set forth herein. The United States shall have the right to review and copy such records upon request.

31. The Bank shall provide to counsel for the United States the data it submits to the Federal Financial Institutions Examination Council (FFIEC) pursuant to the Home Mortgage Disclosure Act and the Community Reinvestment Act. The data will be provided in the same format in which it is presented to the FFIEC within thirty (30) days of its submission to the FFIEC each year for the duration of this Order, including the record layout.

32. In addition to the submission of any other plans or reports specified in this Order, Centier shall make an annual report to the United States on its progress in fulfilling the goals of this Order. Each such report shall provide a complete account of the Bank's actions to comply with each requirement of this Order during the previous year, an objective assessment of the extent to which each quantifiable obligation was met, an explanation of why any particular component fell short of meeting its goal for that year, and any recommendations for additional actions to achieve the

goals of this Order. The Bank shall submit this report each year for the term of this Order within forty-five (45) days of the anniversary of the date of the entry of this Order. In addition, the Bank shall attach to the annual reports representative copies of training material and advertising and marketing materials disseminated pursuant to this Order.

ADMINISTRATION

33. The requirements of this Order shall be in effect for five (5) years, except as specified below. The Order shall terminate: (a) three months after the submission of the Bank's fifth annual report to the United States; or (b) if the Bank has not invested \$3.5 million in its special financing program in five (5) years from the date of entry of this Order, three months after the submission of the Bank's final annual report to the United States that demonstrates the fulfillment of that obligation. It shall only be extended further upon motion of the United States to the Court, for good cause shown.

34. Any time limits for performance fixed by this Order may be extended by mutual written agreement of the parties. Other modifications to this Order may be made only upon approval of the Court, by motion by either party. The parties recognize that there may be changes in relevant and material factual circumstances

during the term of this Order which may impact the accomplishment of its goals. The parties agree to work cooperatively to discuss and attempt to agree upon any proposed modifications to this Order resulting therefrom.

35. In the event that any disputes arise about the interpretation of or compliance with the terms of this Order, the parties shall endeavor in good faith to resolve any such dispute between themselves before bringing it to this Court for resolution. The United States agrees that if it reasonably believes that the Bank has violated any provision of this Order, it will provide the Bank written notice thereof and give it sixty (60) days to resolve the alleged violation before presenting the matter to this Court. In the event of either a failure by the Bank to perform in a timely manner any act required by this Order or an act by the Bank in violation of any provision hereof, the United States may move this Court to impose any remedy authorized by law or equity, including attorneys' fees and costs.

36. Centier's compliance with the terms of this Order shall fully and finally resolve all claims of the United States relating to the Bank's alleged violation of the fair lending laws by means of discriminating on the basis of race, color, or national origin, as alleged in the Complaint in this action, including all claims for equitable relief and monetary damages and penalties. Each

party to this Consent Order shall bear its own costs and attorney's fees associated with this litigation.

37. The Court shall retain jurisdiction for the duration of this Consent Order to enforce the terms of the Order, after which time the case shall be dismissed with prejudice.

DATED: October 16, 2006

**/s/RUDY LOZANO, Judge
United States District Court**