

**UNITED STATES OF AMERICA  
DEPARTMENT OF THE TREASURY  
COMPTROLLER OF THE CURRENCY**

---

**In the Matter of:**

Flagstar Bank, FSB  
Troy, Michigan

---

)  
) AA-EC-2016-75  
)  
)  
)  
)

**CONSENT ORDER FOR A CIVIL MONEY PENALTY**

The Office of the Comptroller of the Currency (“Comptroller” or “OCC”), through his national bank examiners, has examined the affairs of Flagstar Bank, FSB, Troy, Michigan (“Bank”), and has determined that the Bank has violated final orders, issued by the appropriate Federal banking agencies, containing provisions related to the National Flood Insurance Act of 1968, as amended, and the Flood Disaster Protection Act of 1973, as amended (collectively, “FDPA”), 42 U.S.C. § 4001, *et seq.*, and their implementing regulations. The Comptroller has informed the Bank of the findings resulting from its examinations.

The Bank, by and through its duly elected and acting Board of Directors (“Board”), has executed a Stipulation and Consent to the Issuance of an Order for a Civil Money Penalty, dated October 31, 2016, that is accepted by the Comptroller (“Stipulation”). By this Stipulation, which is incorporated herein by reference, the Bank has consented to the issuance of this Consent Order for a Civil Money Penalty (“Order”) by the Comptroller.

**ARTICLE I**

**COMPTROLLER’S FINDINGS**

The Comptroller finds, and the Bank neither admits nor denies, the following:

(1) On January 27, 2010, the Bank entered into a Supervisory Agreement with the Office of Thrift Supervision (“OTS”), the appropriate Federal banking agency for the Bank at that time, which required the Bank to, among other things, revise its policies, procedures and systems for compliance with the requirements of the FDPA within ninety (90) days.

(2) On July 11, 2011, supervisory authority of the Bank transferred from the OTS to the OCC pursuant to section 312(b)(2)(B) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-2013, 124 Stat. 1,376 (2010) (“Dodd-Frank Act”). This authority included the enforcement of existing OTS enforcement actions pursuant to section 316(b)(2) of the Dodd-Frank Act.

(3) On October 23, 2012, the Bank and the OCC entered into a Consent Order, which replaced the Supervisory Agreement. The Consent Order required the Bank to, among other things, adopt, implement, and thereafter ensure Bank adherence to FDPA policies and procedures detailing a coordinated program to ensure Bank compliance with laws and regulations.

(4) During the 2011, 2012, 2013, and 2014 examinations of the Bank, examiners assessed the Bank’s progress in obtaining compliance with the Supervisory Agreement and Consent Order, and determined that the Bank failed to achieve compliance with the FDPA-related provisions.

Pursuant to the authority vested in him by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818(i), the Comptroller hereby ORDERS that:

## ARTICLE II

### ORDER FOR A CIVIL MONEY PENALTY

(1) The Bank shall make payment of a civil money penalty in the total amount of five hundred thousand dollars (\$500,000), which shall be paid upon the execution of this Order:

- (a) If a check is the selected method of payment, the check shall be made payable to the Treasurer of the United States and shall be delivered to: Comptroller of the Currency, P.O. Box 979012, St. Louis, Missouri 63197-9000.
- (b) If a wire transfer is the selected method of payment, it shall be sent in accordance with instructions provided by the Comptroller.
- (c) The docket number of this case (AA-EC-2016-75) shall be entered on the payment document or wire confirmation and a photocopy of the payment document or confirmation of the wire transfer shall be sent immediately, by overnight delivery, to the Director of Enforcement and Compliance, Office of the Comptroller of the Currency, 400 7th Street, S.W., Washington, D.C. 20219.

(2) This Order shall be enforceable to the same extent and in the same manner as an effective and outstanding order that has been issued and has become final pursuant to 12 U.S.C. § 1818.

### ARTICLE III

#### OTHER PROVISIONS

(1) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818(i)(2), and expressly does not form, and may not be construed to form, a contract binding on the OCC or the United States.

(2) This Order constitutes a settlement of the civil money penalty proceeding against the Bank contemplated by the Comptroller, based on the violations of the Enforcement Actions described in the Comptroller's Findings set forth in Article I of this Order. The Comptroller releases and discharges the Bank from all potential liability for a civil money penalty that has been or might have been asserted by the Comptroller based on the violations of the Enforcement Actions described in the Comptroller's Findings set forth in Article I of this Order, to the extent known to the Comptroller as of the effective date of this Order. Nothing in the Stipulation or the Order, however, shall prevent the Comptroller from:

- (a) instituting enforcement actions, other than a civil money penalty, against the Bank based on the findings set forth in Article I of this Order;
- (b) instituting enforcement actions against the Bank based on any other findings;
- (c) instituting enforcement actions against the Bank's institution-affiliated parties based on the findings set forth in Article I of this Order, or any other findings; or
- (d) utilizing the findings set forth in Article I of this Order in future enforcement actions against the Bank or its institution-affiliated parties to establish a pattern or the continuation of a pattern.

Further, nothing in the Stipulation or this Order shall affect any right of the Comptroller to determine and ensure compliance with the terms and provisions of the Stipulation or this Order.

(3) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements, or prior arrangements between the parties, whether oral or written.

IT IS SO ORDERED, this 31th day of October, 2016.

//S//William D. Haas

William D. Haas

Deputy Comptroller

Midsized Bank Supervision

**UNITED STATES OF AMERICA  
DEPARTMENT OF THE TREASURY  
COMPTROLLER OF THE CURRENCY**

---

**In the Matter of:**

Flagstar Bank, FSB  
Troy, Michigan

---

)  
) AA-EC-2016-75  
)  
)  
)  
)

**STIPULATION AND CONSENT TO THE ISSUANCE  
OF AN ORDER FOR A CIVIL MONEY PENALTY**

**WHEREAS**, the Office of the Comptroller of the Currency (“Comptroller” or “OCC”), based upon information derived from the exercise of his regulatory and supervisory responsibilities, intends to initiate a civil money penalty proceeding against Flagstar Bank, FSB, Troy, Michigan (“Bank”) pursuant to 12 U.S.C. § 1818(i), for the Bank’s violations of final orders, issued by the appropriate Federal banking agencies, containing provisions related to the National Flood Insurance Act of 1968, as amended, and the Flood Disaster Protection Act of 1973, as amended (collectively, “FDPA”), 42 U.S.C. § 4001, *et seq.*, and their implementing regulations;

**WHEREAS**, in the interest of cooperation and to avoid additional costs associated with administrative and judicial proceedings with respect to the above matter, the Bank, through its duly elected and acting Board of Directors (“Board”), has agreed to execute this Stipulation and Consent to the Issuance of an Order for a Civil Money Penalty (“Stipulation”), that is accepted by the OCC, through the duly authorized representative of the Comptroller;

**NOW, THEREFORE**, in consideration of the above premises, it is stipulated by the Bank that:

## ARTICLE I

### JURISDICTION

(1) The Bank is a Federal Savings Association examined by the OCC pursuant to the Home Owners' Loan Act of 1933, as amended, 12 U.S.C. § 1461 *et seq.*

(2) The Bank is a "savings association" within the meaning of 12 U.S.C. §§ 1813(b) and 1462(2). Accordingly, the Bank is an "insured depository institution" within the meaning of 12 U.S.C. §§ 1813(c) and 1818(i).

(3) The OCC is the "appropriate Federal banking agency" as that term is defined in 12 U.S.C. § 1813(q), and is therefore authorized to initiate and maintain this civil money penalty action against the Bank pursuant to 12 U.S.C. § 1818(i).

## ARTICLE II

### CONSENT

(1) The Bank, without admitting or denying any wrongdoing, consents and agrees to issuance of the accompanying Consent Order for a Civil Money Penalty ("Consent Order") by the OCC.

(2) The terms and provisions of the Consent Order apply to the Bank and all of its subsidiaries, even though those subsidiaries are not named as parties to the Consent Order.

(3) The Bank consents and agrees that the Consent Order shall be deemed an "order issued with the consent of the depository institution" pursuant to 12 U.S.C. § 1818(h)(2), and consents and agrees that the Consent Order shall become effective upon its execution by the OCC through the Comptroller's duly authorized representative, and shall be fully enforceable by the Comptroller pursuant to 12 U.S.C. § 1818(i).

(4) Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the OCC may enforce any of the commitments or obligations herein undertaken by the Bank under its supervisory powers, including 12 U.S.C. § 1818(i), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the OCC has any intention to enter into a contract.

(5) The Bank declares that no separate promise or inducement of any kind has been made by the OCC, or by its officers, employees, or agents, to cause or induce the Bank to consent to the issuance of the Consent Order and/or execute this Stipulation.

(6) The Bank expressly acknowledges that no officer, employee, or agent of the OCC has statutory or other authority to bind the United States, the United States Treasury Department, the OCC, or any other federal bank regulatory agency or entity, or any officer, employee, or agent of any of those entities to a contract affecting the OCC's exercise of its supervisory responsibilities.

(7) The Consent Order constitutes a settlement of the civil money penalty proceeding against the Bank contemplated by the OCC, based on the violations of final agency orders described in the Comptroller's Findings set forth in Article I of the Consent Order. The OCC releases and discharges the Bank from all potential liability for a civil money penalty that has been or might have been asserted by the OCC based on the violations described in Article I of the Consent Order, to the extent known to the OCC as of the effective date of the Consent Order. Nothing in this Stipulation or the Consent Order, however, shall prevent the OCC from:



- (a) Instituting enforcement actions, other than a civil money penalty, against the Bank based on the findings set forth in Article I of the Consent Order;
- (b) Instituting enforcement actions against the Bank based on any other findings;
- (c) Instituting enforcement actions against the Bank's institution-affiliated parties based on the findings set forth in Article I of the Consent Order, or any other findings; or
- (d) Utilizing the findings set forth in Article I of the Consent Order in future enforcement actions against the Bank or its institution-affiliated parties to establish a pattern or the continuation of a pattern.

Further, nothing in this Stipulation or the Consent Order shall affect any right of the OCC to determine and ensure compliance with the terms and provisions of this Stipulation or the Consent Order.

### ARTICLE III

#### WAIVERS

(1) The Bank, by executing this Stipulation and consenting to the Consent Order, waives:

- (a) Any and all rights to the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(i);
- (b) Any and all procedural rights available in connection with the issuance of the Consent Order;

- (c) Any and all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(i), and 12 C.F.R. Part 109;
- (d) Any and all rights to seek any type of administrative or judicial review of the Consent Order;
- (e) Any and all claims for fees, costs, or expenses against the OCC, or any officer, employee, or agent of the OCC, related in any way to this enforcement matter or the Consent Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412; and
- (f) Any and all rights to assert this proceeding, this Stipulation, consent to the issuance of the Consent Order, and/or the issuance of the Consent Order, as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice, or any other governmental entity; and
- (g) Any and all rights to challenge or contest the validity of the Consent Order.

#### ARTICLE IV

##### CLOSING

(1) The provisions of this Stipulation and the Consent Order shall not inhibit, estop, bar, or otherwise prevent the OCC from taking any other action affecting the Bank if, at any time, the OCC deems it appropriate to do so to fulfill the responsibilities placed upon it by the several laws of the United States of America.

(2) Nothing in this Stipulation or the Consent Order shall preclude any proceedings brought by the OCC to enforce the terms of the Consent Order, and nothing in this Stipulation or the Consent Order constitutes, nor shall the Bank contend that it constitutes, a release, discharge, compromise, settlement, dismissal, or resolution of any actions, or in any way affects any actions that may be or have been brought by any other representative of the United States or an agency thereof, including, without limitation, the United States Department of Justice.

(3) The terms of this Stipulation, including this paragraph, and of the Consent Order are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his representative, has hereunto set his hand on behalf of the Comptroller.

//S//William D. Haas

William D. Haas  
Deputy Comptroller  
Midsize Bank Supervision

10/31/16

Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of Flagstar Bank, FSB, Troy, Michigan, have hereunto set their hands on behalf of the Bank.

//S//Alessandro DiNello  
\_\_\_\_\_  
Alessandro DiNello

10/19/16  
\_\_\_\_\_  
Date

//S//Jay Hansen  
\_\_\_\_\_  
Jay Hansen

10/19/16  
\_\_\_\_\_  
Date

//S//John Lewis  
\_\_\_\_\_  
John Lewis

10/19/16  
\_\_\_\_\_  
Date

//S//David Matlin  
\_\_\_\_\_  
David Matlin

10/19/16  
\_\_\_\_\_  
Date

//S//Bruce Nyberg  
\_\_\_\_\_  
Bruce Nyberg

10/19/16  
\_\_\_\_\_  
Date

//S//James Ovenden  
\_\_\_\_\_  
James Ovenden

10/19/16  
\_\_\_\_\_  
Date

//S//Peter Schoels  
\_\_\_\_\_  
Peter Schoels

10/19/16  
\_\_\_\_\_  
Date

//S//David Treadwell  
\_\_\_\_\_  
David Treadwell

10/21/16  
\_\_\_\_\_  
Date