

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT made this 23rd day of March, 2010 between the affiliated CitiFinancial mortgage lending entities listed in Exhibit A to this Settlement Agreement (called collectively “CitiFinancial”), with their operational headquarters at 300 St. Paul Place, Baltimore, Maryland, and the state mortgage lending regulators listed in Exhibit B (called collectively “State Mortgage Regulators” or “Regulators”).

BACKGROUND

WHEREAS, the CitiFinancial state-licensed and supervised mortgage lenders listed in Exhibit A are indirect subsidiaries of a financial holding company and are subject to the reporting requirements of the federal Home Mortgage Disclosure Act (“HMDA”), 12 U.S.C. section 2801 *et seq.*, as implemented by Regulations of the Board of Governors of the Federal Reserve System, 12 C.F.R. Part 203 (“Regulation C”);

WHEREAS, in the normal course of their mortgage lending business, the CitiFinancial entities had and have in place policies, procedures, programs, training, testing and compliance and controls to comply with the requirements of HMDA and Regulation C, as amended from time to time;

WHEREAS, on May 19, 2008, the Massachusetts Division of Banks commenced an examination/inspection of a CitiFinancial entity, which is a licensed a mortgage lender pursuant to Massachusetts General Laws chapter 255E;

WHEREAS, during its examination/inspection, the Massachusetts Division of Banks examiners questioned why certain mortgage transactions in the sample reviewed were not reported in the Loan Application Registers (“LARs”) of CitiFinancial for 2006 and 2007;

WHEREAS, in response to the Massachusetts Division of Banks concerns, CitiFinancial

promptly conducted an internal investigation and root cause analysis and determined that a previously undetected and unintentional programming error caused CitiFinancial to inadvertently fail to report certain HMDA reportable loan records in CitiFinancial's HMDA LARs for 2004 through 2007. Over the four reporting years (2004, 2005, 2006, and 2007), the programming error resulted in the underreporting of 1,515 HMDA records in Massachusetts and about 91,000 HMDA records in over 20 legal vehicles on CitiFinancial mortgage transactions in 48 states. CitiFinancial immediately took steps to correct the programming error and remediate the underreporting. In accordance with federal HMDA requirements, CitiFinancial re-filed with federal authorities all responsive data for the four reporting years for all CitiFinancial entities. As a state-licensed and supervised business, CitiFinancial also notified the State Mortgage Regulators of the unintentional HMDA underreporting, the affected number of records for the Regulators' states, and the steps taken to rectify the situation and to ensure publicly available re-submitted LARs for all states for all four years;

WHEREAS, the Massachusetts Division of Banks issued a report on October 5, 2009 regarding its examination/inspection of CitiFinancial's operation in Massachusetts in which it alleged that CitiFinancial's internal controls failed to ensure that all required HMDA reportable loan applications were compiled and recorded with CitiFinancial's LARs;

WHEREAS, CitiFinancial cooperated fully with the Massachusetts Division of Banks in voluntarily producing information and responding to questions relevant to the examination/inspection, providing information on the underreporting situation to the Massachusetts Division of Banks in a conference call in June 2009, and submitting a detailed response to the October 5, 2009 Examination Report of the Massachusetts Division of Banks, conferring with the Massachusetts Division of Banks on several dates during 2009, and

providing a detailed report and meeting with the representatives of the State Mortgage Regulators on December 15, 2009;

WHEREAS, CitiFinancial also promptly notified federal and other state authorities of the unintentional programming error and consequent reporting discrepancies and cooperated fully with any requests posed by such authorities;

WHEREAS, CitiFinancial took affirmative steps to identify and correct its unintentional programming error, including the review of all HMDA data collected for residential mortgage loans, the re-filing of corrected LARs for the years 2004 through 2007, implementation of necessary programming corrections, and the review of and enhancements to its internal control environment;

WHEREAS, CitiFinancial also retained a nationally recognized expert consultant to evaluate the fair lending ramifications of the additional records in the re-filed LARS and who determined that the unintentional programming error caused no change in the results of the CitiFinancial fair-lending analysis in that there were no practically significant pricing disparities in Massachusetts or nationally on the basis of race, ethnicity, or gender, either in the originally filed data or the re-filed data;

WHEREAS, the State Mortgage Regulators have initiated an informal inquiry of the integrity of CitiFinancial's HMDA reporting system and its controls to detect errors in HMDA LAR data;

WHEREAS, there is no evidence that the underreporting had any consumer harm and/or impact and CitiFinancial asserts that the unintentional error is not a violation of HMDA as it falls within the safe harbor provisions of the federal law, and CitiFinancial does not admit, and expressly denies, that its conduct constituted a violation of the federal HMDA law or regulations

or of other state laws or regulations;

WHEREAS, to avoid unnecessary time and expense for all concerned, CitiFinancial desires to resolve the concerns of the State Mortgage Regulators through this Settlement Agreement; and

WHEREAS, in recognition of the fact that the unintentional error went undetected for four years until identified and without admitting any allegations or implications of fact or the existence of any violation of state or federal laws and regulations governing the conduct and operation of the mortgage business in each of the States, CitiFinancial is willing to enter into this Settlement Agreement with the State Mortgage Regulators on the terms stated herein.

AGREEMENT

NOW COME the parties in the above-captioned matter, CitiFinancial, while it denies any violation of the laws cited in this Settlement Agreement, and the State Mortgage Regulators, who act under their statutory authority, both of whom desire to resolve this matter and agree as follows:

1. CitiFinancial has established, implemented, and enhanced and will continue to maintain procedures to ensure compliance with the reporting requirements set forth in HMDA. Such procedures shall necessarily require that the CitiFinancial implements internal controls to ensure that, for all HMDA reportable applications and loans, CitiFinancial accurately compiles and records all required data in its LAR. CitiFinancial will document its procedures and controls concerning HMDA reporting and make such documentation available to State Mortgage Regulators in connection with their regular examinations and other regulatory reviews of CitiFinancial. This documentation shall include a description of CitiFinancial's independent audit function, including but not limited to, the evaluation of information technology controls to

ensure an objective and independent assessment of the controls, reliability, and integrity of CitiFinancial's information technology environment. This assessment must include a review of day-to-day controls to ensure transactions are recorded and processed in compliance with the CitiFinancial's policies. Operational audits, such as system development audits, must be performed to detect any issues associated with changes to system parameters. When a new application system, conversion, or significant revision to an existing system is ready for production, testing will be conducted to validate that the system operates as expected. A post-implementation review, including the testing of program logic, error conditions, calculations, controls, and edits must be conducted to minimize potential losses from ineffective software operation or processing errors. The independent audit function shall ensure that HMDA processes adopted and utilized by CitiFinancial are consistent with accepted industry practices for HMDA compliance.

2. CitiFinancial shall continue to maintain and periodically update operating policies, procedures and training to ensure that applicable personnel possess an understanding of the HMDA requirements under Regulation C appropriate to their responsibilities with respect to HMDA. Such training shall necessarily ensure the proper implementation and execution of any revised practices and procedures adopted by CitiFinancial pursuant to this Settlement Agreement.

3. In consideration of the activities described in this Settlement Agreement, CitiFinancial agrees to remit to the State Mortgage Regulators One Million Two Hundred and Fifty Thousand Dollars (\$1,250,000.00) ("Settlement Proceeds"), to be allocated among the State Mortgage Regulators.

4. CitiFinancial shall comply with all federal and state laws and regulations

applicable to its conduct of the mortgage business.

GENERAL PROVISIONS

5. This Settlement Agreement shall become effective immediately upon the date of its execution.

6. The provisions of this Settlement Agreement shall be binding upon CitiFinancial, its officers, directors, and its successors and assigns.

7. Each State Mortgage Regulator shall continue to have enforcement authority with respect to CitiFinancial's conduct of its licensed mortgage business in accordance with the State's applicable laws and regulations.

8. The provisions of this Settlement Agreement shall be made public upon the effective date of this Settlement Agreement.

9. The provisions of this Settlement Agreement shall remain effective and enforceable except to the extent that, and until such time as, any provisions of this Settlement Agreement shall have been modified, terminated, suspended, or set aside, by the State Mortgage Regulators collectively or upon an order of a court of competent jurisdiction.

10. This Settlement Agreement is the complete document representing the resolution of this matter and is in lieu of all other proceedings related to this matter which may be available to the State Mortgage Regulators. There are no other agreements, promises, representations, or warranties other than those set forth in this Settlement Agreement.

11. In consideration of the obligations of CitiFinancial in this Settlement Agreement, and conditioned upon CitiFinancial's fulfillment of the obligations listed above and full payment of the Settlement Proceeds, the State Mortgage Regulators agree to release CitiFinancial from any and all civil or administrative examinations, investigations, enforcement actions, or suits which

could be brought under any state or federal laws or regulations by the State Mortgage Regulators, for CitiFinancial's failure to ensure that all required HMDA reportable loan records were compiled and filed with CitiFinancial's LARs for the reporting years 2004 through 2007.

12. In accordance with the terms of the Settlement Agreement, CitiFinancial has waived all rights that it may have to the receipt of Notice specifying the allegations (the "Charges") which form the basis for issuance of this Settlement Agreement; all defenses to the issuance of the Settlement Agreement; an administrative hearing(s) for the purpose of taking evidence on such alleged Charges; written findings which form the basis for issuance of the Settlement Agreement; exceptions and briefs with respect to such written findings; and any other rights to appeal that it may have.

13. This Settlement Agreement may be executed in separate counterparts.

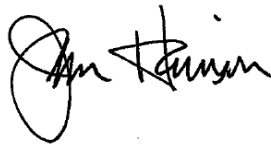
SIGNATORY FOR CITIFINANCIAL:

CitiFinancial Services, Inc., a Massachusetts corporation
CitiFinancial, Inc., an Ohio corporation
CitiFinancial Corporation, LLC, a Delaware limited liability company
CitiFinancial, Inc., a Maryland corporation
CitiFinancial Services, Inc., an Oklahoma corporation
CitiFinancial, Inc., a West Virginia corporation
CitiFinancial Services, Inc., a Georgia corporation
CitiFinancial, Inc., a Tennessee corporation
CitiFinancial Services, Inc., a Delaware corporation
CitiFinancial Services, Inc., an Ohio corporation
CitiFinancial Company (DE), a Delaware corporation
CitiFinancial, Inc., an Iowa corporation
CitiFinancial Services, Inc., a Pennsylvania corporation
CitiFinancial, Inc., a Texas corporation
CitiFinancial Services, Inc., a Kentucky corporation
CitiFinancial, Inc., a Hawaii corporation

By 

Vice President

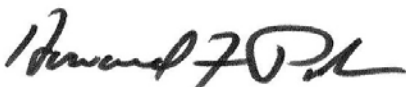
SIGNATORIES FOR STATE MORTGAGE REGULATORS:



John Harrison, Superintendent of Banks
Alabama State Banking Department



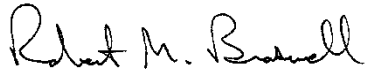
Thomas L. Wood, Acting Superintendent of Financial Institutions
By: Robert D. Charlton, Assistant Superintendent of Financial Institutions
Arizona Department of Financial Institutions



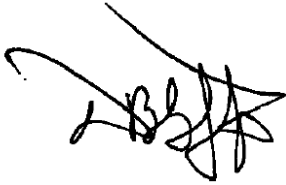
Howard F. Pitkin, Banking Commissioner
State of Connecticut Department of Banking



Robert A. Glen, State Bank Commissioner
Office of the State Bank Commissioner of the State of Delaware



Robert M. Braswell, Commissioner
Georgia Department of Banking and Finance



D.B. Griffin III, Commissioner of Financial Institutions
Division of Financial Institutions State of Hawaii



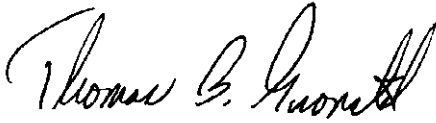
Gavin M. Gee
Director, Idaho Department of Finance



Robert E. Meza, Director Division of Financial Institutions
IL. Dept. of Financial & Professional Regulation



David Mills, Director
Indiana Department of Financial Institutions



Thomas B. Gronstal, Iowa Superintendent of Banking
Iowa Division of Banking



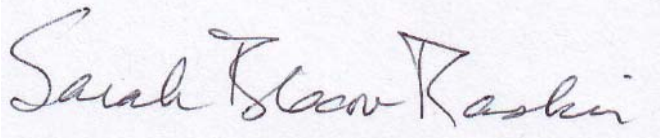
Charles A. Vice, Commissioner
Kentucky Department of Financial Institutions



John Ducrest, Commissioner
Louisiana Office of Financial Institutions



William N. Lund, Esq., Superintendent
Maine Bureau of Consumer Credit Protection



Sarah Bloom Raskin, Commissioner of Financial Regulation
Office of the Commissioner of Financial Regulation, Maryland Department of Labor, Licensing,
and Regulation



Steven L. Antonakes, Commissioner of Banks
Massachusetts Division of Banks



Ken Ross, Commissioner
Michigan Office of Financial and Insurance Regulation



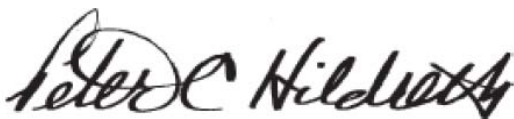
John S. Allison, Commissioner
Mississippi Department of Banking and Consumer Finance



Annie Goodwin, Commissioner
Montana Division of Banking and Financial Institutions



John Munn, Director
Nebraska Department of Banking and Finance



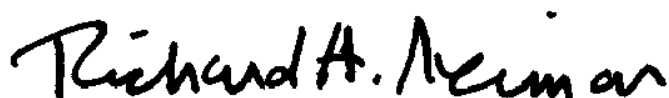
Peter C. Hildreth, Bank Commissioner
New Hampshire Banking Department



Terry K. McEwen, Director of Banking
New Jersey Department of Banking and Insurance



William J. Verant, Director
New Mexico Financial Institutions Division



Richard H. Neiman, Superintendent of Banks
New York State Banking Department



Mark Pearce, Chief Deputy Commissioner of Banks
NC Office of the Commissioner of Banks



John B. Reardon, Superintendent
Ohio Division of Financial Institutions, Department of Commerce



David Tatman, Administrator
Oregon Department of Consumer and Business Services



Steven Kaplan, Secretary of Banking
Pennsylvania Department of Banking



A. Michael Marques
Rhode Island Director of Business Regulation
Rhode Island Department of Business Regulation Division of Banking



Greg Gonzales, Commissioner
Tennessee Department of Financial Institutions



Leslie L. Pettijohn, Commissioner
Texas Office of Consumer Credit Commissioner



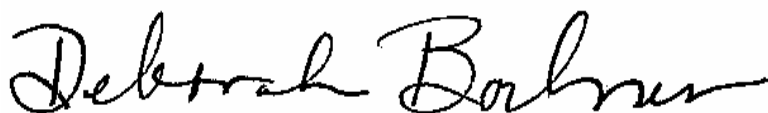
G. Edward Leary, Commissioner
Utah Department of Financial Institutions



Paulette J. Thabault, Commissioner
Vermont Department of Banking, Insurance, Securities and Health Care Administration



E. Joseph Face, Jr., Commissioner
Bureau of Financial Institutions Virginia State Corporation Commission



Deborah Bortner, Director of Consumer Services
WA Department of Financial Institutions Division of Consumer Services



Sara M. Cline, Commissioner of Banking
West Virginia Division of Banking

EXHIBIT A

CitiFinancial Mortgage Lending Entities with State of Incorporation and States in which principally engaged in Mortgage Lending:

CitiFinancial Services, Inc., a Massachusetts corporation - Massachusetts

CitiFinancial, Inc., an Ohio corporation - Ohio

CitiFinancial Corporation, LLC, a Delaware limited liability company - Alabama

CitiFinancial, Inc., a Maryland corporation – Arizona, Connecticut, Delaware, Idaho, Louisiana, Maryland, Maine, Michigan, Montana, Nebraska, New Hampshire, New Mexico, Oregon, Pennsylvania, Rhode Island, Utah, Virginia, Vermont, Washington,

CitiFinancial Services, Inc., an Oklahoma corporation –Florida

CitiFinancial, Inc., a West Virginia corporation – West Virginia

CitiFinancial Services, Inc., a Georgia corporation - Georgia

CitiFinancial, Inc., a Tennessee corporation - Tennessee

CitiFinancial Services, Inc., a Delaware corporation - Illinois, North Carolina,

CitiFinancial Services, Inc., an Ohio corporation - Indiana

CitiFinancial Company (DE), a Delaware corporation – New York

CitiFinancial, Inc., an Iowa corporation - Iowa

CitiFinancial Services, Inc., a Pennsylvania corporation – New Jersey, Pennsylvania

CitiFinancial, Inc., a Texas corporation - Texas

CitiFinancial Services, Inc., a Kentucky corporation - Kentucky

CitiFinancial, Inc., a Hawaii corporation – Hawaii

EXHIBIT B

State Mortgage Lending Regulators:

Alabama: State Banking Department
401 Adams Avenue, Suite 680
Montgomery, Alabama 36130
Statutory Authority: Code of Alabama 1975 Title 5 Chapter 19

Arizona: Arizona Department of Financial Institutions
2910 N. 44th St., Suite 310
Phoenix, Arizona 85018
Statutory Authority: ARS Section 6-122

Connecticut: State of Connecticut Department of Banking
260 Constitution Plaza
Hartford, CT 06103-1800
Statutory Authority: Sections 36a-735 to 36a-744, inclusive, of the Connecticut General Statutes

Delaware: Office of the State Bank Commissioner of the State of Delaware
555 E. Loockerman Street
Dover, Delaware 19901
Statutory Authority: Chapter 22 of Title 5 of the Delaware Code

Georgia: Georgia Department of Banking and Finance
2990 Brandywine Road, Suite 200
Atlanta, GA, 30341
Statutory Authority: Georgia Residential Mortgage Act, codified at OCGA 7-1-1000 thru 7-1-1021

Hawaii: Division of Financial Institutions
335 Merchant Street, Room 221
Honolulu, Hawaii 96813
Statutory Authority: Hawaii Revised Statutes §§ 412:2-100 and 412:9-101

Idaho: Idaho Department of Finance
800 Park Blvd., Suite 200
Boise, ID 83712
Statutory Authority: Idaho Code §26-31-101 et seq.

Illinois: Dept. of Financial & Professional Regulation
100 W. Randolph St. # 9-146
Chicago, IL 60601
Statutory Authority: 205 ILCS 670/1 et. seq. The Consumer Installment Loan Act.

Indiana: Indiana Department of Financial Institutions
30 South Meridian Street, #300
Indianapolis, IN 46204
Statutory Authority: IC 24-4.4 and IC 24-4.5

Iowa: Iowa Division of Banking
200 East Grand Avenue, Suite 300
Des Moines, IA 50309-1827
Statutory Authority: Code of Iowa Chapter 536 “Iowa Regulated Loan Act” and the Code of Iowa Chapter 536A “Iowa Industrial Loan Law”

Kentucky: Kentucky Department of Financial Institutions
1025 Capital Center Drive, Suite 200
Frankfort, KY 40601
Statutory Authority: Kentucky Revised Statutes Chapter 286.4

Louisiana: Louisiana Office of Financial Institutions
8660 United Plaza Blvd, 2nd Floor
Baton Rouge, LA 70809-7024
Statutory Authority: LSA-R.S. 6:1081 et. seq. known as the Louisiana Secure and Fair Enforcement of Mortgage Licensing Act of 2009

Maine: Maine Bureau of Consumer Credit Protection
State House Station #35
Augusta, Maine 04333
Statutory Authority: 9-A Maine Revised Statutes, Article IX, section 9-101 et seq.

Maryland: Office of the Commissioner of Financial Regulation, Maryland Department of Labor, Licensing, and Regulation
500 North Calvert Street, Suite 402, Baltimore, Maryland 21202
Statutory Authority: Annotated Code of Maryland: Commercial Law Article, Title 12, Subtitle 3; Financial Institutions Article, Title 11, Subtitle 2; and Financial Institutions Article, Title 11, Subtitle 5.

Massachusetts: Division of Banks
One South Station
Boston, MA, 02110
Under the authority of the Massachusetts General Laws, Chapter 255E, section 8.

Michigan: Office of Financial and Insurance Regulation
611 W Ottawa St, Third Floor
Lansing, Michigan 48933
Statutory Authority: MCL 487.2059 and MCL 445.1661

Mississippi: Mississippi Department of Banking and Consumer Finance

501 N West Street, 901A Woolfolk Building, Suite A
Jackson, MS 39201
Statutory Authority: 75-67-101 et seq. and 75-67-201 et seq., Mississippi Code of 1972,
Annotated

Montana: Montana Division of Banking and Financial Institutions
P.O. Box 200546
Helena, MT 59620-0546
Statutory Authority: Mont. Code Ann. Title 32, Chapter 5, Part 1

Nebraska: Nebraska Department of Banking and Finance
Commerce Court, Suite 400
1230 "O" Street
Lincoln, Nebraska 68508
Statutory Authority: Residential Mortgage Licensing Act, Neb. Rev. Stat. §§ 45-701 to 45-754
(Supp. 2009)

New Hampshire: New Hampshire Banking Department 53 Regional Drive
Concord, NH 03301
Statutory Authority: RSA 397-A:3,I

New Jersey: New Jersey Department of Banking and Insurance, P.O. Box 040
Trenton, NJ 08625-0040 Statutory Authority: New Jersey Licensed Lenders Act, N.J.S.A.
17:11C-1 et seq.

New Mexico: Financial Institutions Division
Toney Anaya Building
2550 Cerrillos Road
Santa Fe, NM 87505
Statutory Authority: 58-21-3 NMSA 1978 and 58-21B-4 NMSA 1978

New York: New York State Banking Department
One State Street
New York, NY 10004-1511
Statutory Authority: New York Banking Law article 12-D

North Carolina: North Carolina Office of the Commissioner of Banks
316 W. Edenton Street
Raleigh, NC 27603
Statutory Authority: Article 19B, of Chapter 53 of the North Carolina General Statutes

Ohio: Ohio Division of Financial Institutions, Department of Commerce
77 South High Street, 21st Floor, Columbus, OH 43215
Statutory Authority: Ohio Revised Code 1321.51 to 1321.60

Oregon: Oregon Department of Consumer and Business Services
P.O. Box 14610
Salem, Oregon 97309
Statutory Authority: ML ORS 86A.124, previously 59.880, and for Consumer Finance 725.320

Pennsylvania: PA Department of Banking
17 North Second Street, 13th Fl.
Harrisburg, PA 17101
Statutory Authority: 7 P.S. Sec. 6201 et seq

Rhode Island: Rhode Island Department of Business Regulation Division of Banking
1511 Pontiac Avenue, Building 68-2
Cranston, RI 02920
Statutory Authority: R. I. Gen. Laws §19-14-23

Tennessee: Tennessee Department of Financial Institutions
414 Union Street - Suite 1000
Nashville, Tennessee 37219
Statutory Authority - Tennessee Code Annotated, Title 45, Chapter 13

Texas: Office of Consumer Credit Commissioner
2601 N. Lamar Blvd.
Austin, TX 78705
Statutory Authority: Sec. 342.001 *et seq.* Tex Fin Code

Utah: Utah Department of Financial Institutions
P O Box 146800
Salt Lake City, UT 84114-6800
Statutory Authority: Utah Code, Title 70C-8-101 et seq

Vermont: Vermont Department of Banking, Insurance, Securities and Health Care
Administration
89 Main Street, Montpelier, VT 05620-3101
Statutory Authority: 8 V.S.A. § 2241(8)

Virginia: State Corporation Commission
Bureau of Financial Institutions
P.O. Box 640
Richmond, VA 23218-0640
Statutory Authority: Section 6.1-244 et.seq.of the Code of Virginia

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Washington: Department of Financial Institutions Division of Consumer Services, P.O. Box
41200, Olympia, WA 98504-1200
Statutory Authority: Chapter 31.04 RCW

West Virginia: West Virginia Division of Banking
One Players Club Drive, Suite 300
Charleston, WV 25311-1688
Statutory Authority: W.Va. Code §31A-2-4