



**THE U.S DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT**



TITLE VIII CONCILIATION AGREEMENT

BETWEEN



Belcourt, North Dakota 58316
(Complainants)

And

US Bank, National Association
800 Nicollet Mall
Minneapolis, Minnesota 55402
(Respondent)

And

Rhonda Johnson, Loan Officer
US Bank, National Association
17 1st Ave. SW
Minot, North Dakota 58701
(Respondent)

And

USB Lending Support Services, LLC
aka Red Sky Risk Services, LLC
200 South 6th Street
Minneapolis, Minnesota 55402
(Respondent)

Approved by the Office of Fair Housing and Equal Opportunity, Region VIII Director on
behalf of the U. S. Department of Housing and Urban Development

FHEO TITLE VIII CASE NUMBER: 08-13-0299-8

A. PARTIES AND SUBJECT PROPERTY

- Complainants [REDACTED]
- Respondent U.S. Bank, National Association
- Respondent Rhonda Johnson (Loan Officer)
- Respondent USB Lending Support Services, LLC aka Red Sky Risk Services, LLC (Appraisal Company)
- The subject property is a single family home located at [REDACTED] Belcourt, North Dakota 58316

B. BACKGROUND

A complaint was filed on September 13, 2013, with the U.S. Department of Housing and Urban Development (the Department) alleging Complainants were injured by discriminatory acts of the Respondents. The complaint states that on or about May 30, 2013, Complainants applied to refinance their home mortgage loan with Respondent U.S. Bank, NA. On or about June 28, 2013, Complainants allege they received correspondence from Respondent U.S. Bank stating their loan application was denied because "value or type of collateral not sufficient." Complainants allege Respondent Johnson explained that their loan application was denied because the subject property, their home, is located within the boundaries of a Native American reservation. Additionally, Complainants allege that Respondent Johnson told them the appraiser, who was conducting the appraisal for USB Lending Support Services, LLC a/k/a Red Sky Risk Services, LLC, was unable to appraise the subject property because it is located within the boundaries of a Native American reservation. Complainants allege Respondents denied them the opportunity to refinance their home mortgage loan because of their race (Native American).

Complainants allege Respondents violated sections 804(b) and 805(a) of the Fair Housing Act as amended in 1988, 42 U.S.C. 3601 et seq. (the Act), on the basis of race by subjecting Complainants to discrimination in the making of loans, including discrimination in the terms, conditions, and privileges of sale of a dwelling.

Respondents deny having intentionally discriminated against Complainants, but agree to settle the claims in the underlying action by entering into this Conciliation Agreement (hereinafter "Agreement").

It is understood by all parties that this Agreement does not constitute an admission by Respondents of any violation of the Fair Housing Act (hereinafter "the Act").

C. TERM OF AGREEMENT

1. This Agreement shall govern the conduct of the parties to it for a period of three (3) years from the effective date of the Agreement.

D. EFFECTIVE DATE

2. The parties expressly agree that this Agreement constitutes neither a binding contract under state or federal law nor a Conciliation Agreement pursuant to the Act, unless and until such time as it is approved by the U.S. Department of Housing and Urban Development, through the Director, Office of Fair Housing and Equal Opportunity (FHEO) or his or her designee.
3. This Agreement shall become effective on the date on which it is approved by the Director, FHEO, Region VIII-Denver of the U.S. Department of Housing and Urban Development or his or her designee.

E. GENERAL PROVISIONS

4. The parties acknowledge that this Agreement is a voluntary and full settlement of the disputed complaint. The parties affirm that they have read and fully understand the terms set forth herein. No party has been coerced, intimidated, threatened or in any way forced to become a party to this Agreement.
5. It is understood that Respondents deny any violation of law and that this Agreement does not constitute an admission by Respondents or evidence of a determination by the Department of any violation of the Act.
6. Respondents acknowledge that they have an affirmative duty not to discriminate under the Act, and that it is unlawful to retaliate against Complainants or any person because that person has made a complaint, testified, assisted or participated in any manner in this proceeding under the Act. Respondents further acknowledge that any subsequent retaliation or discrimination constitutes both a material breach of this Agreement and a statutory violation of the Act.
7. This Agreement, after it has been approved by the FHEO Region VIII Director or his or her designee, is binding upon Respondents, their employees, heirs, successors and assigns and all others in active concert with Respondents in the ownership and operation of Respondents' businesses.
8. It is understood that, pursuant to Section 810(b)(4) of the Act, upon approval of this Agreement by the FHEO Region VIII Director or his or her designee, it is a public document.

9. This Agreement does not in any way limit or restrict the Department's authority to investigate any other complaint involving the Respondents made pursuant to the Act or any other complaint within the Department's jurisdiction.
10. No amendment to, modification of, or waiver of any provisions of this Agreement shall be effective unless: (a) all signatories or their successors to the Agreement agree in writing to the amendment, modification or waiver; (b) the amendment, modification or waiver is in writing; and (c) the amendment, modification or waiver is approved and signed by the FHEO Region VIII Director or his or her designee.
11. The parties agree that the execution of this Agreement may be accomplished by separate execution of consents to this Agreement, and that the original executed signature pages attached to the body of the Agreement constitute one document.
12. Complainants forever waive, release, and covenant not to sue the Department or the Respondents, their heirs, executors, assigns, agents, employees and attorneys with regard to any and all claims, damages and injuries of whatever nature, whether presently known or unknown, arising out of the subject matter of FHEO Title VIII Case Number 08-13-0299-8 or which could have been filed in any action or suit arising from said subject matter.
13. Respondents hereby forever waive, release, and covenant not to sue the Department or the Complainants, their successors, assigns, agents, officers, board members, employees and attorneys with regard to any and all claims, damages and injuries of whatever nature whether presently known or unknown, arising out of the subject matter of FHEO Title VIII Case Number 08-13-0299-8 or which could have been filed in any action or suit arising from said subject matter.
14. This Agreement memorializes and constitutes the entire agreement and understanding between the parties and supersedes and replaces all prior negotiations, proposed agreements and agreements between the parties, whether written or unwritten. The parties acknowledge that no person or entity, nor an agent or attorney of any person or entity, has made any promises, representations, or warranties whatsoever, express or implied, which are not expressly contained in this Agreement, and the parties further acknowledge that they have not executed this Agreement in reliance upon any collateral promise, representation, warranty, or in reliance upon any belief as to any fact or matter not expressly recited in this Agreement.
15. The individual(s) signing on behalf of Respondents hereby represent that they have authority to sign for Respondents and that their signature(s) will bind Respondents.

F. RELIEF FOR COMPLAINANTS

16. Respondent U.S. Bank, NA has processed and approved Complainants' application to refinance the existing home mortgage loan, account number [REDACTED], on the subject property with Respondent U.S. Bank, NA. The loan for which Complainants applied was subject to the same terms and conditions as the loan Complainants applied for on or about May 2013 including, but not limited to, a loan amount of \$47,500 at a fixed interest rate of 2.99% for a term of 10 years.

Respondent U.S. Bank, NA agrees to fund proceeds from the loan in the amount of \$11,489.56 to payoff Complainants' U.S. Bank credit card, account number [REDACTED].

Respondent U.S. Bank, NA has prepared a HUD-1 Settlement Statement that reflects no closing costs will be charged to Complainants for their home mortgage loan. The term "closing costs" includes but is not limited to the following:

- Third Party Costs – Any third party costs, including but not limited to appraisal, credit report, title insurance, title recording;
- Origination Fee – Any lender or preparation fee including but not limited to a fee for evaluating, preparing, and submitting a proposed mortgage loan;
- Lender or Preparation Fee – Any lender or preparation fee including but not limited to a fee for underwriting and processing commonly referred to as preparation or lender fee; and
- Additional Discretionary Fees – Any additional discretionary fees such as wiring or courier fees, title document preparation fees, and recovery fees.

Respondent U.S. Bank, NA agrees not to increase the interest rate on the loan to compensate for the waived fees and premiums. Additionally, the loan expressly states there is no prepayment penalty.

Respondent U.S. Bank, NA agrees to provide to both the Complainants and FHEO Region VIII Director a copy of the HUD-1 Settlement Statement for Complainants' home mortgage loan at least seven (7) days prior to the scheduled closing of Complainants' home mortgage loan.

Respondents and Complainants agree to execute this agreement prior to closing the above-referenced home mortgage loan according to the terms set out above. If either Complainant or Respondent U.S. Bank, NA, for any reason or no reason at all, fails

to complete the closing, in accordance with the above-referenced terms, this agreement is null and void, and the HUD Region VIII FHEO Director will not approve it. It is understood that Respondent U.S. Bank, NA will withdraw its approval of the above-referenced home mortgage loan if Complainants do not sign the Agreement prior to closing, or fail to complete the closing.

17. Respondent U.S. Bank, NA agrees to pay damages in the amount of \$9,312.00 to Complainants upon closing of Complainants' home mortgage loan and approval of this agreement by the HUD Region VIII FHEO Director. The check shall be made payable to [REDACTED].

G. RELIEF IN THE PUBLIC INTEREST

18. Policies and Procedures: Respondent U.S. Bank, NA shall review and revise existing policies or, as necessary, adopt a new policy(ies) regarding underwriting home mortgage loans on fee-simple land located within the boundaries of a Native American reservation to ensure Bank policies are consistent with the requirements of the Fair Housing Act. Respondent U.S. Bank, NA shall revise any and all other written policy statements or criteria regarding Respondent U.S. Bank, NA's policy concerning loans secured by fee-simple land located within the boundaries of a Native American reservation. Respondent U.S. Bank, NA shall seek and must obtain written approval from the FHEO Region VIII Director of the revised and, where applicable, newly adopted policy(ies) within ninety (90) days of the effective date of this Agreement. Respondent U.S. Bank, NA agrees to make any changes to its policies that the FHEO Region VIII Director identifies as needed to comply with this Agreement or the Fair Housing Act.

Within thirty (30) days of receiving the FHEO Region VIII Director's written approval of the revised or newly adopted policy(ies), Respondent U.S. Bank, NA agrees to communicate these requirements to all US Bank, NA managers and employees involved in the processing of home mortgage loan applications.

19. Policies and Procedures: Respondent Red Sky Risk Services, LLC shall review and revise or, as necessary, adopt a new policy(ies) regarding appraisals relative to applications for home mortgage loans on land located within the boundaries of a Native American reservation to ensure Red Sky Risk Service policies are consistent with the requirements of the Fair Housing Act. Respondent Red Sky Risk Services, LLC shall revise any and all other written policy statements or criteria regarding Respondent Red Sky Risk Services, LLC's policy concerning appraisals of land located within the boundaries of a Native American reservation. Respondent Red Sky Risk Services, LLC shall seek and must obtain written approval from the FHEO Region VIII Director of the revised and, where applicable, newly adopted policy(ies) within ninety (90) days of the effective date of this Agreement. Respondent Red Sky Risk Services, LLC agrees to make any changes to its policies that the FHEO

Region VIII Director identifies as needed to comply with this Agreement or the Fair Housing Act.

Within thirty (30) days of receiving the FHEO Region VIII Director's written approval of the revised or newly adopted policy(ies), Respondent Red Sky Risk Services, LLC agrees to communicate these requirements to all Red Sky Risk Services, LLC managers, employees and contractors involved in appraisals related to home mortgage loan applications.

20. Training: Respondents U.S. Bank, NA and Red Sky Risk Services, LLC shall conduct training related to the requirements of the Fair Housing Act and, in addition, the policy changes made in accordance with paragraphs 18 and 19 of this Agreement for Respondents U.S. Bank, NA and Red Sky Risk Services, LLC management officials, employees and contractors who develop/accept applications for home mortgage loans, participate in underwriting home mortgage loans or are involved with appraisals associated with home mortgage loans, including any other individual employed by Respondents U.S. Bank, NA and Red Sky Risk Services, LLC involved in the creation, application, or implementation of underwriting guidelines for home mortgage loans.

Written approval of a printed copy of the training materials must be solicited and obtained from the FHEO Region VIII Director within sixty (60) days after the FHEO Region VIII Director has approved the policy changes made in accordance with paragraphs 18 and 19 of this Agreement.

After receiving HUD's approval of the training materials, Respondents U.S. Bank, NA and Red Sky Risk Services, LLC shall report on training completion as follows: 1) within six months of the effective date of the Agreement and 2) on the one-year anniversary of the effective date of the Agreement. Respondents U.S. Bank, NA and Red Sky Risk Services, LLC's report will include, at a minimum, copies of attendance records for each training session conducted and copies of all training materials including any handouts.

21. Training: Respondent Johnson shall receive training related to the requirements of the Fair Housing Act and, in addition, the policy changes made in accordance with paragraph 18 of this Agreement. Respondent U.S. Bank, NA will provide and report on this training in conformance with the provisions of paragraph 20 of this Agreement.

H. MONITORING

22. The Department shall determine compliance with the terms of this Agreement. During the term of this Agreement, the Department may review compliance with this Agreement by examining witnesses and copying pertinent records. Monitoring

this Agreement may also include, but is not limited to, conducting fair housing tests by the Department or other entity. Respondents agree to provide full cooperation in any monitoring review undertaken by the Department to ensure compliance with the Agreement.

I. REPORTING AND RECORDKEEPING

23. Within thirty (30) days of payment as provided in Section F of this Agreement, Respondents shall transmit (1) a photocopy of the check identified in paragraph 17 along with a copy of a receipt acknowledging receipt of the check signed by Complainants; and (2) a photocopy of the final HUD-1 Settlement Statement.
24. All Reports and correspondence pursuant to this Agreement shall include FHEO Title VIII Case Number 08-13-0299-8. All required certifications and documentation of compliance must be submitted to:

Amy M. Frisk, Region VIII Director
Office of Fair Housing and Equal Opportunity
U.S. Department of Housing and Urban Development
1670 Broadway, Floor 23
Denver, CO 80202-4801

J. CONSEQUENCES OF BREACH

25. Whenever the Department has reasonable cause to believe that Respondents have breached this Agreement, the matter may be referred to the Attorney General of the United States, to commence a civil action in the appropriate U. S. District Court, pursuant to §§ 810(c) and 814(b)(2) of the Act.

K. SIGNATURES

[Redacted Signature]

8-5-14
Date

Complainant

[Redacted Signature]

8-5-14
Date

Complainant

Robert J. Roelike SVP Direct Loan Manager
Signing on behalf of U.S. Bank, NA
Respondent

Date

Rhonda Johnson, U.S. Bank, NA
Respondent

Date

Robert E. Burns, Chief Operating Officer
Signing on behalf of USB Lending Support Services, LLC
aka Red Sky Risk Services, LLC
Respondent

Date

L. APPROVAL

Amy M. Frisk
Region VIII Director
Office of Fair Housing and
Equal Opportunity


Date

K. SIGNATURES

Complainant Date

Complainant Date

Robert J. Roelike SVP Direct Loan Manager
Signing on behalf of U.S. Bank, NA
Respondent Date


Rhonda Johnson, U.S. Bank, NA
Respondent Date 8-01-14

Robert E. Burns, Chief Operating Officer
Signing on behalf of USB Lending Support Services, LLC
aka Red Sky Risk Services, LLC
Respondent Date

L. APPROVAL

Amy M. Frisk
Region VIII Director
Office of Fair Housing and
Equal Opportunity Date

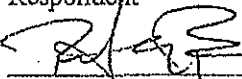
K. SIGNATURES

Complainant Date

Complainant Date

Robert J. Roelike SVP Direct Loan Manager
Signing on behalf of U.S. Bank, NA
Respondent Date

Rhonda Johnson, U.S. Bank, NA
Respondent Date



Robert E. Burns, Chief Operating Officer
Signing on behalf of USB Lending Support Services, LLC
aka Red Sky Risk Services, LLC
Respondent Date 8/11/2014

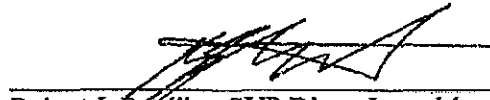
L. APPROVAL

Amy M. Frisk
Region VIII Director
Office of Fair Housing and
Equal Opportunity Date

K. SIGNATURES

Complainant Date

Complainant Date

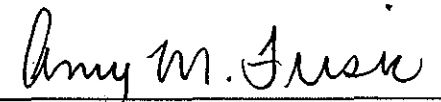


Robert J. Roelike SVP Direct Loan Manager
Signing on behalf of U.S. Bank, NA
Respondent Date 8/11/2014

Rhonda Johnson, U.S. Bank, NA
Respondent Date

Robert E. Burns, Chief Operating Officer
Signing on behalf of USB Lending Support Services, LLC
aka Red Sky Risk Services, LLC
Respondent Date

L. APPROVAL



Amy M. Frisk
Region VIII Director
Office of Fair Housing and
Equal Opportunity Date 19 August 2014