

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF MICHIGAN
NORTHERN DIVISION

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	CIVIL ACTION NO.
)	
v.)	
)	
COMMUNITY STATE BANK)	
)	
Defendant.)	
_____)	

CONSTENT ORDER

I. INTRODUCTION

The 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 Community State Bank (“Community”) has allegedly 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 in the extension of credit.

There has been no factual finding or adjudication with respect to any matter alleged by the United States. Accordingly, the execution of the Order is not, and is not to be considered as, an admission or finding of any violation of the FHA or ECOA by Community. Rather, the parties have entered into the 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 the Order will provide a resolution of the allegations of the United States in a manner consistent with Community’s legitimate business interests.

Under the provisions of the Order, Community has committed itself to a program designed to improve its performance in meeting the credit needs of residents located in majority-African-American census tracts,¹ establish a presence and outreach effort in majority-African-American census tracts, and aid in the revitalization and stabilization of the housing market in majority-African-American census tracts. Community will ensure that its lending products and services are made available and marketed in majority-African-American census tracts on no less favorable a basis than in majority-white census tracts. Community commits itself to take all reasonable, practicable actions, consistent with safety and soundness, to increase the level of its residential lending in majority-African-American census tracts, with the ultimate objective of extending credit to qualified borrowers there at a level comparable to its lending to qualified borrowers in majority-white census tracts. The remedial plan to achieve this objective, detailed in subsequent sections of the Order, includes but is not limited to expanded community outreach, investment in the affected areas, and targeted advertising programs in order to remedy the effects of Community's alleged discriminatory practices.

II. BACKGROUND

Community is a state-chartered bank headquartered in St. Charles, Michigan that offers the traditional services of a financial depository and lending institution, including the receipt of monetary deposits and the financing of residential housing and commercial loans. As of September 30, 2012, its total assets were \$201 million, with \$180 million in deposits.

¹ Unless otherwise specified, all references in the Order to census tracts include only those census tracts contained within Community's lending area as defined in Paragraph 6. For purposes of the Order, any census tract in which African-Americans constituted at least 50% of the population at the time of the 2000 Census is considered a "majority-African-American census tract," and any census tract in which non-Hispanic whites constituted at least 50% of the population at the time of the 2000 Census is considered a "majority-white census tract."

Community currently has eight branches in Saginaw, Genesee, and Shiawassee Counties, Michigan.

In May 2010, Federal Deposit Insurance Corporation (“FDIC”) bank examiners initiated an examination of Community for compliance with laws prohibiting discrimination in lending. The examination included an evaluation of Community’s lending activities in majority-African-American census tracts. On August 25, 2011, the FDIC referred Community to the Attorney General for appropriate enforcement action pursuant to ECOA, following its determination, based on the information gathered during its examination, that there was reason to believe that Community engaged in a pattern or practice of discrimination against African-Americans in violation of ECOA and the FHA.

After conducting its own investigation and reviewing the information provided by the FDIC, the United States contends that between 2006 and 2009 Community acted to meet the credit needs for loans in majority-white census tracts, and avoided serving the similar credit needs of majority-African-American census tracts. The Complaint alleges, inter alia, that Community’s policies and practices are intended to deny and discourage, or have the effect of denying or discouraging, an equal opportunity to the residents of majority-African-American census tracts to obtain loans on account of the racial composition of those tracts.

III. TERMS OF ORDER

A. Lending Practices

1. Community, 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, are hereby enjoined from engaging in any act or practice that discriminates on the basis of race that (a) violates the FHA in any aspect of a residential real estate-related transaction, or (b)

violates ECOA in any aspect of a credit transaction. This prohibition includes, but is not limited to: marketing and advertising; the selection of sites for and the provision of services through branch offices or other channels; the definition of an assessment area under the Community Reinvestment Act of 1977, 12 U.S.C. §§ 2901-2906 (CRA); 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. Community shall take the actions that are necessary to ensure that it offers and provides all persons with an equal opportunity to apply for and obtain credit, regardless of the racial composition of the area in which a person lives, or the area in which the property securing the loan is located. Those actions include, but are not limited to, the remedial actions specified in the Order.

3. Community shall take all reasonable, practicable steps consistent with safety and soundness, including, but not limited to, those specified below, to make all types of credit it offers – including residential loan products – available in, and market them in, majority-African-American census tracts on no less favorable a basis than in the majority-white census tracts so that all persons will have an equal opportunity to access and obtain credit from Community. Nothing in the Order will require Community to make unsafe or unsound loans or to require loans to be originated or priced based upon the race of the borrower or prospective borrower.

4. The Order requires Community to take these actions to remedy its alleged discrimination. Community retains the discretion to take any additional actions it believes are

appropriate to achieve the goals of the Order and shall provide written notice to the United States 30 days prior to implementation of any such additional actions during the term of the Order.²

B. Lending Area

5. In 2010 and 2011, Community revised its self-delineated CRA assessment area to include all of Saginaw County and all of Genesee County's census tracts located within Montrose Township, Vienna Township, Thetford Township, Flushing Township, Mount Morris Township, Genesee Township, the City of Montrose, the City of Clio, the City of Flushing, and the City of Mount Morris. In its latest CRA evaluation of Community released in May 2012 and over the objections of Community, the FDIC exercised its authority under 12 C.F.R. § 345.41(g) to expand the CRA assessment area delineated by Community to also include all of Genesee County's census tracts located within the City of Flint.³ Community has continued to discuss the required scope of its CRA assessment area with the FDIC since May 2012.

6. Community shall serve a "lending area" no smaller than the CRA assessment area recognized by the FDIC, including any changes to the CRA assessment area allowed by the FDIC after May 2012. Community's lending area must also include all of Saginaw County.

7. Community will ensure that all of its policies, publications, and marketing materials that refer to the geographic area in which the bank focuses its lending efforts describe an area no smaller than the lending area it is required to serve pursuant to Paragraph 6.

8. During the term of the Order, Community will provide written notice to the United States of any changes in its CRA assessment area recognized by the FDIC. Community

² All material required by the Order to be sent to the United States shall be sent by commercial overnight delivery service addressed as follows: Chief, Housing and Civil Enforcement Section, Civil Rights Division, U.S. Department of Justice, 1800 G Street NW, Suite 7002, Washington, DC 20006, Attn: DJ 188-37-25, or by facsimile to 202-514-1116.

³ Lists of the majority-African-American census tracts and the majority-white census tracts within the CRA assessment area designated by the FDIC in May 2012 appear as Appendix A.

shall also provide notice at the same time it proposes to its regulator(s) any reductions to its CRA assessment area. The United States will raise any concerns with Community's proposed changes to its CRA assessment area with Community and its regulator(s) within 30 days. Nothing in the Order precludes Community from expanding its CRA assessment area, or altering the portion of its CRA assessment located in Shiawassee or Tuscola Counties, in the future in a manner consistent with the provisions of the CRA and its implementing regulations.

C. Fair Lending Training

9. No later than 60 days after entry of the Order, Community shall provide live training to all employees and agents with significant involvement in lending ("covered employees") to ensure that their activities are conducted in a nondiscriminatory manner. This training shall encompass their fair lending obligations under the FHA, ECOA, their obligations under the CRA, and their responsibilities under the Order. During the term of the Order, Community must provide this fair lending training annually to covered employees. The training required by this Paragraph shall be conducted by an independent qualified third party approved in advance by the United States. In addition, within 15 days of the entry of the Order, Community shall provide to all such employees an explanation and copies of the Order, and allow an opportunity for such employees to have any questions concerning the Order answered. Community shall bear all costs associated with the training.

10. Community must secure from each covered employee a signed statement acknowledging that he or she has received a copy of the Order and has completed the initial fair lending training. These statements must be substantially in the form of Appendix B (Acknowledgment) and Appendix C (Fair Lending Training). During the term of the Order, each new employee or agent whose responsibilities include those set forth in Paragraph 9 must be

provided a copy of the Order and given an opportunity to have any questions answered, and must sign the acknowledgment form statement (Appendix B) no later than 10 days after beginning his or her employment in that position.

D. Physical Expansion to Serve African-American Populations

11. Given Community's current financial condition and the weak economy in the Saginaw and Flint metropolitan areas, Community has not opened a new branch since 2008. The establishment of more than one Loan Production Office (LPO) or any additional branch locations is not feasible at this time.

12. Within 60 days of the effective date of the Order, Community will present a written proposal to the United States for its review and approval to establish and open a LPO within a majority-African-American census tract in City of Saginaw.⁴ The proposal will state the location for the LPO and will set forth the services to be provided at the LPO. The LPO and an outreach program from Community's existing branch locations will focus on expanding the marketing and intake of residential mortgage loan applications from residents of majority-African-American census tracts. Community shall employ at least one employee whose sole job is to originate loans from the LPO and solicit potential borrowers in and originate loans to the residents of majority-African-American census tracts. The LPO will bear signage similar to that used for Community's branch offices and will be in a retail-oriented space in a visible location accessible to concentrations of owner-occupied residential properties in the majority-African-American census tracts in the City of Saginaw. The United States will respond to Community within 30 days to either approve the proposal or raise any objections to it, and if it raises any objections, the parties shall confer to resolve their differences. In the event they are unable to do

⁴ The majority-African-American census tracts in the City of Saginaw are denoted in Appendix A.

so, either party may bring the dispute to the Court for resolution. Until the Court resolves such a dispute, the LPO will not be opened. Once the proposal is approved, either by the United States or the Court, Community will open the LPO within 90 days, and will continue to operate the LPO throughout the duration of the Order.

13. In the event that Community explores the possibility of establishing a branch location during the term of the Order, Community will evaluate the feasibility of branch expansion in the majority-African-American census tracts of the City of Saginaw, as part of a nondiscriminatory plan for branching. Community will focus in particular on the feasibility of converting the LPO into a full-service branch, consistent with safe and sound banking practices. Community will follow the normal procedures of consultation with its regulator(s) on these issues. Two years after entry of the Order and every year thereafter Community will report to the United States its analysis of the feasibility of converting the LPO into a full-service branch or other branch expansions in a majority-African-American census tract in the City of Saginaw; any applications made to its regulator(s); and regulatory approval or denial.

14. In the event that Community determines it is feasible to open a branch in the City of Saginaw and obtains approval for such expansion from its regulator(s), Community will present its proposal for the new branch, including the timetable for opening the branch, to the United States for its review and approval. The United States will have 60 days from receipt of Community's plan to raise any objections to it, and if it raises any, the parties shall confer to resolve their differences. In the event they are unable to do so, either party may bring the dispute to the Court for resolution. Until the Court resolves such a dispute, the new branch will not be opened. Community will make all reasonable efforts to open or acquire the new branch within 12 months after regulatory approval for expansion. The new branch will provide the complete

range of services typically offered at Community's full-service branches, and shall include a full-time on-site residential lending officer, fully trained in all aspects of home mortgage and home equity lending. The training of this lender will also encompass the Community's fair lending obligations under the FHA, ECOA, and the CRA.

15. To meet the target date for the opening of this new branch, Community shall act as quickly as possible to obtain any required local or state governmental permits and approvals.

16. The United States reserves the right to move the Court to impose a remedy consistent with the purposes of the Order in the event that the parties cannot reach an agreement regarding the feasibility of Community opening a branch in a majority-African-American census tract in the City of Saginaw consistent with safe and sound banking practices.

17. Should Community open a branch office pursuant to Paragraphs 13-14, nothing in the Order precludes Community from opening or acquiring additional branch offices. Community shall evaluate future opportunities for expansion, whether by acquisition or opening new offices, in a manner consistent with achieving the remedial goals of the Order and shall notify the United States of any plans to open or acquire any new branches or other offices at the same time that it notifies its regulator(s) so that the United States may raise any concerns with Community and its regulator(s) before regulatory approval is granted.

E. Credit Needs Assessment

18. Within 30 days of the entry of the Order, Community shall begin an assessment of the credit needs of majority-African-American census tracts. This assessment shall include, but not be limited to: (a) an analysis of the most recent available demographic and socioeconomic data about the majority-African-American census tracts; (b) evaluation of the credit needs of and corresponding lending opportunities in these census tracts, including, but not limited to, the need

for and feasibility of alternative mortgage and other credit products aimed at borrowers at or near area median income; (c) consideration of how Community's lending operations can be expanded to serve the remedial goals of the 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 the Order. Community may rely on the 2011-2016 Consolidated Plan of the City of Saginaw, Saginaw County Michigan (as resubmitted June 21, 2011) to determine the housing related credit needs of majority-African-American census tracts and formulate its plan to expand its lending operations to serve the remedial goals of the Order.

19. In formulating its plan to expand its lending operations to serve the remedial goals of the Order, representatives of Community shall meet with representatives of community organizations significantly involved in promoting fair lending, home ownership, or residential development in majority-African-American census tracts. Community may also meet with representatives of any other appropriate entity in conducting this needs assessment.

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

21. For the term of the Order, Community shall meet annually with community organizations as part of an ongoing credit needs assessment, in order to better meet the credit needs of the residents in the majority-African-American census tracts.

F. Community Development Partnership Program

22. The Community Development Partnership Program described below seeks to remedy the effects of Community's lending practices, while accounting for the financial condition of Community, the weak economy, and the need for community stabilization in Michigan's urban areas.

23. Community shall propose partnerships with one or more community-based organization or governmental organization that provides credit, financial, homeownership, and/or foreclosure prevention services to the residents of majority-African-American census tracts. Community shall develop such partnerships in a manner consistent with achieving the remedial goals of the Order; specifically, Community shall consider organizations that will aid it in establishing a physical presence in majority-African-American census tracts; marketing its residential loan products in majority-African-American census tracts on no less favorable a basis than in majority-white census tracts; extending credit to qualified borrowers in majority-African-American census tracts at a level comparable to its lending to qualified borrowers in majority-white census tracts; and assisting with the revitalization and stabilization of the housing market in majority-African-American census tracts. Community shall spend a minimum of \$75,000 on these partnerships over the term of the Order.

24. Community shall present to the United States a written proposal for the partnerships not later than six months after the entry of the Order. Community's proposal shall include a thorough review of all relevant organizations; a summary of its meetings with these organizations; an examination of any relevant federal, state, or local governmental programs that may assist Community and the organization(s) in serving the affected areas; and the basis for

Community's selection of the proposed partner(s). The proposal should also describe in detail how Community intends to implement the partnership(s) over the term of the Order.

25. The United States shall review the proposal, and its approval shall not be unreasonably withheld. The United States reserves the right to move the Court to impose an appropriate remedy in the event that the parties cannot reach an agreement regarding the proposal. Once the United States has approved Community's proposal, Community must implement it within the timeframe set forth in the proposal.

26. For the term of the Order, Community shall annually evaluate its partnership(s), in order to identify any required changes to the program and better meet the residential credit needs of the majority-African-American census tracts. Community shall present its evaluation and proposed changes, if any, to the United States. The United States shall review any proposed changes, and its approval shall not be unreasonably withheld.

G. Advertising and Outreach

27. Community shall present to the United States a written proposal for advertising and marketing to majority-African-American census tracts not later than six months after the entry of the Order. This program shall include, at a minimum, the following components:

(a) Print Media. During each year of the Order, in addition to any other print advertising, Community shall advertise in at least one print medium distributed in its lending area and specifically directed to African-American readers. These advertisements, viewed in their entirety over the course of a year, shall include Community's full range of loan products, including any special products or services made available as part of the Order. Community retains the discretion to determine the size, content, and frequency of such advertising subject to the standards set forth above.

(b) Radio. During the term of the Order, in the event that Community resumes radio advertising for any purpose, Community shall place radio advertisements on at least two African-American-oriented radio stations serving its lending area. The radio advertising, when considered in its entirety over the course of a year, shall include Community's full range of loan products, including any special products or services made available under the Order. Community 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 relevant stations.

(c) Promotional Materials. Community shall create point-of-distribution materials, such as posters and brochures, targeted toward the majority-African-American census tracts to advertise products and services offered by Community, including any special loan products or services made available pursuant to the Order. Community shall place or display these promotional materials in its branch offices, LPO, and additional appropriate distribution locations throughout the targeted census tracts.

(d) Direct Mailings. Community also may utilize direct mailing targeted to residents in majority-African-American census tracts, so long as those mailings are not targeted exclusively or primarily at existing customers of Community.

(e) All of Community's print advertising and promotional materials shall contain an equal housing opportunity logotype, slogan, or statement. All of Community's radio and television advertisements shall include the audible statement "Equal Opportunity Lender."

28. In addition to the targeted efforts described in Paragraph 27, Community's proposal should also provide for quarterly outreach programs during the term of the Order for real estate brokers and agents, developers, and public or private entities engaged in residential

real estate-related business in majority-African-American census tracts to inform them of the products and services Community offers, including those detailed in the 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.

29. The proposal shall also provide for quarterly outreach seminars during the term of the Order targeted toward residents in majority-African-American census tracts. These seminars shall cover credit counseling, financial literacy, and other related educational programs, to help identify and develop qualified loan applicants from these areas.

30. Community shall spend a minimum of \$15,000 over the term of the Order on the targeted advertising and marketing campaign described above.

H. Program for Loan Subsidies

31. Community will invest a minimum of \$75,000 in a program to increase the credit that the bank extends to residents of majority-African-American census tracts in order to remedy the discrimination against these residents alleged in the Complaint (“loan subsidy program”). The special financing program will offer residents in majority-African-American census tracts loan products on a more affordable basis than otherwise available from Community.⁵

32. Under the loan subsidy program, Community will subsidize home mortgage loans made to residents of majority-African-American census tracts. These subsidies can be provided by, but are not limited to, one or more of the following means:

(a) 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;

⁵ No loan originated under this program shall exceed the conforming loan limit applicable to Fannie Mae and Freddie Mac.

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

(c) payment of the initial mortgage insurance premium on loans guaranteed by the Federal Housing Administration.

Community may provide one or more of these forms of financial assistance to any applicant qualified for a residential mortgage loan under Community's underwriting standards ("qualified applicant").

33. Community 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 factual circumstances of a particular application. Community 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, and will have discretion to provide the loan subsidy among its loan products.

34. The loan subsidy program will be marketed in a manner that does not exclude any of the majority-African-American census tracts so that eligible residents of all areas have an opportunity to participate.

35. No provision of the Order, including any loan subsidy or equivalent program, requires Community to make any unsafe or unsound loan or to make a loan to a person who is not qualified for the loan based upon lawful, nondiscriminatory terms; however, Community may choose to apply more flexible underwriting standards in connection with the programs under the Order, so long as those standards comport with safe and sound lending practices. In addition, Community's underwriting standards applied to residents of majority-African-American census tracts must be no less favorable than the standards that are applied in majority-

white census tracts. At the same time, no provision of this Agreement imposes an obligation on Community to apply underwriting standards to applicants that qualify for the loan subsidy program that are more favorable than the standards otherwise applied by the bank.

36. The investment of Community under the terms of Paragraphs 31-35 will be the sum total of the cost to the bank of providing the loan subsidy program described in Paragraphs 31-35.

IV. EVALUATING AND MONITORING COMPLIANCE

37. For the term of the Order, Community shall retain all records relating to its obligations hereunder, including its 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.

38. Community 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 CRA. The data will be provided in the same format in which it is presented to the FFIEC within 30 days of their submission to the FFIEC each year for the term of the Order, including the record layout. The United States will utilize this data to monitor compliance with the Order.

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

for additional actions to achieve the goals of the Order. Community's Board of Directors shall review and approve this report, and Community shall submit this report each year for the term of the Order within 45 days of the anniversary of the date of the entry of the Order. In addition, Community shall attach to the annual reports representative copies of training material and advertising and marketing materials disseminated pursuant to the Order. The United States will review each report submitted by Community and will have 30 days to raise any objections to it, and if it raises any, the parties shall confer to resolve their differences. In the event they are unable to do so, either party may bring the dispute to the Court for resolution.

V. ADMINISTRATION

40. The requirements of the Order shall be in effect until the later of: (a) three months after the submission of Community's annual report due to the United States on the fourth anniversary of entry of the Order; or (b) if Community has not invested all money in its loan subsidy program four years from the date of entry of the Order, three months after the submission of a report by Community to the United States that demonstrates the fulfillment of that obligation. The term of the Order shall only be extended further upon motion of the United States to the Court, for good cause shown.

41. Any time limits for performance fixed by the Order may be extended by mutual written agreement of the parties. Other modifications to the 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 the Order that may impact the accomplishment of its goals. The parties agree to work cooperatively to discuss and attempt to agree upon any proposed modifications to the Order resulting therefrom.

42. In the event that any disputes arise about the interpretation of or compliance with the terms of the Order, the parties shall endeavor in good faith to resolve any such dispute between themselves before bringing it to the Court for resolution. The United States agrees that if it reasonably believes that Community has violated any provision of the Order, it will provide Community written notice thereof and give it 30 days to resolve the alleged violation before presenting the matter to the Court. In the event of either a failure by Community to perform in a timely manner any act required by the Order or an act by Community in violation of any provision hereof, the United States may move the Court to impose any remedy authorized by law or equity, including attorneys' fees and costs.

43. Nothing in the Order shall excuse Community's compliance with any currently or subsequently effective provision of law or order of a regulator with authority over Community that impose additional obligations on Community.

44. The Order shall be binding on Community, including all its officers, employees, agents, assignees, and successors in interest, and all those in active concert or participation with any of them in the origination of loans. In the event Community seeks to transfer or assign all or part of its operations, and the successor or assign intends on carrying on the same or similar use, as a condition of sale, Community shall obtain the written accession of the successor or assign to any obligations remaining under the Order for its remaining term.

45. The parties agree that, as of the date of the entry of the Order, litigation is not "reasonably foreseeable" concerning the matters described above. To the extent that either party previously implemented a litigation hold to preserve documents, electronically stored information, or things related to the matters described above, the party is no longer required to

maintain such litigation hold. Nothing in this paragraph relieves either party of any other obligations imposed by the Order.

46. Community's compliance with the terms of the Order shall fully and finally resolve all claims of the United States relating to Community's alleged violation of the fair lending laws by means of discriminating on the basis of race as alleged in the Complaint in its lending practices between January 1, 2005 and December 31, 2009, including all claims for equitable relief and monetary damages and penalties. The Order does not release claims for practices not addressed in the Complaint's allegations, including claims that may be held or are currently under investigation by any federal agency, or any claims that may be pursued or actions that may be taken by any executive agency established by 12 U.S.C. § 5491 or the appropriate Federal Banking Agency, as defined in 12 U.S.C. § 1813(q), against Community, any of its affiliated entities, and/or any institution-affiliated party of Community, as defined in 12 U.S.C. § 1813(u), pursuant to 12 U.S.C. § 1818 or any other statute or regulation. The Order does not resolve and does not release claims other than claims for discrimination.

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

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

SO ORDERED, this ____ day of _____, 2013.

UNITED STATES DISTRICT JUDGE

The undersigned hereby apply for and consent to the entry of the Order:

For the United States:

BARBARA L. McQUADE
United States Attorney
Eastern District of Michigan

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Assistant Attorney General
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s/Judith E. Levy
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For Community State Bank:

s/ with consent of Michael A. Kus
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Appendix A

Majority-African-American census tracts within the CRA assessment area designated by the FDIC in May 2012:

Genesee County Census Tract 1
Genesee County Census Tract 2
Genesee County Census Tract 3
Genesee County Census Tract 4
Genesee County Census Tract 5
Genesee County Census Tract 6
Genesee County Census Tract 7
Genesee County Census Tract 8
Genesee County Census Tract 9
Genesee County Census Tract 10
Genesee County Census Tract 11
Genesee County Census Tract 12
Genesee County Census Tract 13
Genesee County Census Tract 14
Genesee County Census Tract 15
Genesee County Census Tract 17
Genesee County Census Tract 18
Genesee County Census Tract 20
Genesee County Census Tract 21
Genesee County Census Tract 25
Genesee County Census Tract 29
Genesee County Census Tract 31
Genesee County Census Tract 32
Genesee County Census Tract 34
Genesee County Census Tract 103.04
Genesee County Census Tract 103.05
Genesee County Census Tract 122.02
Saginaw County Census Tract 1*
Saginaw County Census Tract 2*
Saginaw County Census Tract 4*
Saginaw County Census Tract 6*
Saginaw County Census Tract 7*
Saginaw County Census Tract 8*
Saginaw County Census Tract 9*
Saginaw County Census Tract 10*
Saginaw County Census Tract 11*
Saginaw County Census Tract 110

Asterisks denote census tracts located in the City of Saginaw

Majority-white census tracts within the CRA assessment area designated by the FDIC in May 2012:

Genesee County Census Tract 16
Genesee County Census Tract 19
Genesee County Census Tract 22
Genesee County Census Tract 23
Genesee County Census Tract 24
Genesee County Census Tract 26
Genesee County Census Tract 27
Genesee County Census Tract 30
Genesee County Census Tract 33
Genesee County Census Tract 35
Genesee County Census Tract 36
Genesee County Census Tract 37
Genesee County Census Tract 38
Genesee County Census Tract 39
Genesee County Census Tract 40
Genesee County Census Tract 41
Genesee County Census Tract 101.10
Genesee County Census Tract 101.11
Genesee County Census Tract 101.12
Genesee County Census Tract 101.13
Genesee County Census Tract 101.14
Genesee County Census Tract 101.15
Genesee County Census Tract 102.01
Genesee County Census Tract 102.02
Genesee County Census Tract 105.01
Genesee County Census Tract 105.02
Genesee County Census Tract 105.03
Genesee County Census Tract 105.04
Genesee County Census Tract 106.03
Genesee County Census Tract 106.04
Genesee County Census Tract 106.10
Genesee County Census Tract 107
Genesee County Census Tract 120.03
Genesee County Census Tract 120.06
Genesee County Census Tract 120.07
Genesee County Census Tract 120.08
Genesee County Census Tract 120.09
Genesee County Census Tract 121
Genesee County Census Tract 122.01
Genesee County Census Tract 123.10
Genesee County Census Tract 123.11
Genesee County Census Tract 125.01
Genesee County Census Tract 125.03

Genesee County Census Tract 125.04
Genesee County Census Tract 126.01
Genesee County Census Tract 126.02
Genesee County Census Tract 126.03
Saginaw County Census Tract 12
Saginaw County Census Tract 13
Saginaw County Census Tract 14
Saginaw County Census Tract 15
Saginaw County Census Tract 16
Saginaw County Census Tract 17
Saginaw County Census Tract 18
Saginaw County Census Tract 19
Saginaw County Census Tract 20
Saginaw County Census Tract 21
Saginaw County Census Tract 101
Saginaw County Census Tract 102
Saginaw County Census Tract 103.02
Saginaw County Census Tract 103.03
Saginaw County Census Tract 103.04
Saginaw County Census Tract 104.01
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Saginaw County Census Tract 113
Saginaw County Census Tract 115
Saginaw County Census Tract 116
Saginaw County Census Tract 117.01
Saginaw County Census Tract 117.02
Saginaw County Census Tract 118
Saginaw County Census Tract 119.01
Saginaw County Census Tract 119.02
Saginaw County Census Tract 120.01
Saginaw County Census Tract 120.02
Saginaw County Census Tract 120.03
Saginaw County Census Tract 121
Saginaw County Census Tract 122
Saginaw County Census Tract 123
Saginaw County Census Tract 124
Saginaw County Census Tract 125
Saginaw County Census Tract 126

Saginaw County Census Tract 127
Saginaw County Census Tract 129
Saginaw County Census Tract 130
Saginaw County Census Tract 131
Shiawassee County Tract 301
Shiawassee County Tract 302
Tuscola County Tract 9608
Tuscola County Tract 9613

Appendix B

I hereby acknowledge that I have received and read a copy of the Consent Order entered in United States v. Community State Bank. I have had the opportunity to ask questions and obtain answers to them and I understand my fair lending obligations under the Order.

[Signature]

[Print Name]

[Job Title]

[Date]

Appendix C

I hereby acknowledge that on _____, I attended the fair lending training program provided to Community State Bank employees and agents by _____.

During the training, I received information about my fair lending obligations under the terms of the Consent Order entered by the court in United States v. Community State Bank, Community State Bank’s current policies, and relevant federal, state, and local laws. I had the opportunity to ask questions and to receive answers to them. I understand my fair lending obligations under that Order, Community State Bank’s policies, and those laws.

[Signature]

[Print Name]

[Job Title]

[Date]