

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
)	
v.)	Civil Action No.
)	1:21-cv-03586-JPB
)	
CADENCE BANK, N.A,)	
)	
Defendant.)	
_____)	

CONSENT ORDER

The United States of America and Cadence Bank, N.A. (“Cadence Bank,” “Cadence,” or the “Bank”) jointly submit this Consent Order for approval and entry by the Court to resolve the claims of the United States under the Fair Housing Act (“FHA”), [42 U.S.C. §§ 3601-3619](#) and the Equal Credit Opportunity Act (“ECOA”), [15 U.S.C. §§ 1691-1691f](#).

I. Introduction and Background

1. In the Complaint filed simultaneously with this Consent Order, the United States alleged that Cadence Bank engaged in a pattern or practice of unlawful redlining in violation of the FHA and ECOA, by discriminating on the basis of race, color, and national origin. Specifically, the United States alleged that

the Bank engaged in illegal redlining by avoiding providing home loans and other home mortgage services in majority-Black and Hispanic neighborhoods in and around Houston, Texas.

2. There has been no factual finding or adjudication in this case. The parties enter into this Consent Order to voluntarily resolve the United States' claims in a manner consistent with the Bank's legitimate business interests and to avoid the risks, expense, and burdens of litigation. The Bank denies any liability, wrongdoing, or non-compliance with the provisions of the FHA and ECOA.

3. The Bank represented to the United States that it improved its internal fair lending compliance and monitoring controls and increased its lending in majority-Black and Hispanic areas within the Houston assessment area through the development of new loan products, new marketing strategies, increased community investment, hiring of community lending specialists, strategic partnerships with local housing groups, and additional community outreach initiatives. The Bank adopted these strategies and initiatives before entry of this Consent Order.

II. Terms of the Order

A. Lending Practices

4. The Bank, including all of its agents, successors, and assigns, is enjoined from engaging in any act or practice that discriminates on the basis of race, color, or national origin that: (1) violates the FHA in any aspect of a

residential real estate-related transaction; or (2) violates ECOA in any aspect of a credit transaction.

5. The Bank will ensure that it offers and provides all persons with an equal opportunity to apply for and obtain credit, regardless of the demographic composition of the area in which a person lives or the location of the property securing the loan.

6. For purposes of this Consent Order, the Bank's "Houston assessment area" consists of Harris, Fort Bend, and Montgomery Counties.

7. For purposes of this Consent Order, a "majority-Black and Hispanic" census tract is one where more than 50 percent of the residents are identified as either "Black or African American" or "Hispanic or Latino" by the United States Census Bureau. A "majority-white" census tract is one where more than 50 percent of the residents are identified as "non-Hispanic white" by the United States Census Bureau.

B. Fair Lending Compliance Consultant and Fair Lending Plan

8. Within 120 days of the date this Consent Order is entered ("Effective Date"), the Bank will submit to the United States a detailed evaluation of the Bank's fair lending program as it relates to fair lending obligations and lending in majority-Black and Hispanic census tracts in the Houston assessment area. The evaluation will include: (1) a review and recommended revisions, as necessary, of

the Bank's fair lending policies and practices; (2) an analysis of the Bank's policies and practices related to selecting and maintaining branch locations; (3) an analysis of loan officers' solicitation of applications, training, and oversight; (4) an analysis of marketing; (5) consideration of the Bank's initiatives set forth in Paragraph 3 of this Consent Order; and (6) an analysis of existing fair lending compliance monitoring.

9. The assessment will be conducted by an independent, qualified third-party consultant selected by the Bank and approved by the United States. Within 60 days of the Effective Date, the Bank will submit the qualifications of the third-party consultant to the United States for approval.

10. Within 150 days of the Effective Date, the Bank will submit a Fair Lending Plan to the United States for approval. The Fair Lending Plan will explain which of the consultant's recommendations it will adopt and when and how it will adopt and implement them. If the Bank declines to adopt or implement a recommendation, the report will include an explanation of the decision.

11. The Bank will begin implementing its Fair Lending Plan within 14 days of receiving approval from the United States. Any material changes to the Bank's Fair Lending Plan must be approved by the United States.

12. The Fair Lending Plan will include a monitoring program that involves periodic statistical analyses of mortgage underwriting, pricing, and redlining risk.

C. Fair Lending Training

13. Within 30 days of the Effective Date, the Bank will provide a copy of this Consent Order to all employees with substantive involvement in mortgage lending, marketing, or fair lending or CRA compliance, or who have management responsibility over such employees; senior management with fair lending and advertising oversight; and members of the Board of Directors (collectively, “the Relevant Bank Staff and Officials”). The Bank will provide an opportunity for the Relevant Bank Staff and Officials to ask any questions concerning the Consent Order and will provide answers. The Bank will implement a system for each individual to acknowledge that they received a copy of this Consent Order and had the opportunity to ask questions. The Bank will provide a report that includes these acknowledgements to the United States within 45 days of the Effective Date.

14. Within 120 days of the Effective Date, the Bank will provide training to the Relevant Bank Staff and Officials on the Bank’s obligations under fair lending laws and this Consent Order. The training will be conducted by an independent, qualified third-party trainer selected by the Bank and approved by the United States. Within 90 days of the Effective Date, the Bank will submit the

qualifications of the third-party trainer and the proposed training curriculum to the United States for approval. The Bank will implement a system for each individual to acknowledge that they completed fair lending training. The Bank will provide a report that includes these acknowledgements to the United States within 150 days of the Effective Date.

15. The Bank will provide the training described in Paragraph 14 annually to the Relevant Bank Staff and Officials. The Bank will implement a system for each individual to acknowledge that they completed fair lending training. The Bank will provide a report that includes these acknowledgements to the United States within 10 days of the training. Any proposed changes to the third-party trainer or the training curriculum must be approved by the United States.

16. Any individual who becomes a Relevant Bank Staff or Official will receive a copy of this Consent Order, with the opportunity to ask questions, as referenced in Paragraph 13, as well as the training referenced in Paragraph 14. The Bank will implement a system for each individual to acknowledge that they received a copy of this Consent Order, with the opportunity to ask questions, and that they completed fair lending training. The Bank will provide a report that includes these acknowledgements to the United States no later than 10 days after an individual becomes a Relevant Bank Staff or Official.

17. The Bank will bear all costs associated with the trainings.

D. Community Credit Needs Assessment

18. Within 120 days of the Effective Date, the Bank will submit a Community Credit Needs Assessment for majority-Black and Hispanic census tracts in the Houston assessment area to the United States. A Community Credit Needs Assessment is a research-based market study to help a lender identify the needs for financial services in an area. This assessment must include the following information about majority-Black and Hispanic census tracts within the Houston assessment area: (1) an evaluation of residential mortgage credit needs and current lending opportunities available in the area; (2) recent demographic information; (3) potential strategies to provide residential mortgage lending services in these census tracts; (4) a review of loan products offered by other lenders and their success in the market; and (5) an overview of federal, state, and local programs that are available to residents seeking and obtaining residential mortgage loans.

19. The Community Credit Needs Assessment will be conducted by an independent, qualified third-party consultant selected by the Bank and approved by the United States. Within 60 days of the Effective Date, the Bank will submit the qualifications of the third-party consultant to the United States for approval.

20. Within 120 days of the Effective Date, the Bank will provide a copy of the Community Credit Needs Assessment to the United States for approval. Once the United States has approved the Community Credit Needs Assessment,

the Bank will present the assessment to all Bank committees and personnel responsible for overseeing fair lending compliance.

E. Director of Community Lending and Development

21. The Bank will designate a full-time Director of Community Lending and Development, whose primary responsibility will be overseeing the development of the Bank's lending in majority-Black and Hispanic census tracts (including in the Houston assessment area). The Director of Community Lending and Development will be an officer-level position that reports directly to the Executive Vice President of the Mortgage Division or similar officer. The Director of Community Lending and Development will provide reports on at least a quarterly basis to the Board of Directors and the Chairman and CEO regarding the following responsibilities: (1) monitoring loan officers' solicitation and origination of loans in majority-Black and Hispanic census tracts in the Houston assessment area, including the loan subsidy fund described in Section G; (2) coordinating the Bank's involvement in community lending initiatives and outreach programs; (3) encouraging and developing more lending within majority-Black and Hispanic census tracts; (4) promoting financial education; (5) providing financial counseling; and (6) building relationships with community groups.

F. Physical Expansion to Serve Majority-Black and Hispanic Census Tracts

22. Subject to appropriate regulatory approval, the Bank will open one new full-service branch located in a majority-Black and Hispanic census tract in the Houston assessment area within 12 months of the Effective Date. This branch will have signage that is visible to, and a location that is easily accessible to, the general public. The branch will provide the complete range of services offered at the Bank's full-service branches and will accept first-lien mortgage loan applications. The Bank will assign a mortgage loan officer to this branch full time.

23. The Bank will evaluate future opportunities for expansion within the Houston assessment area, whether by acquisition or opening new branches, and consider the goals of this Consent Order and the Community Credit Needs Assessment. The Bank must notify the United States of any plans to open or acquire any new branches or other offices within the Houston assessment area at the same time that it notifies its regulators.

24. Within 180 days of the Effective Date, the Bank will assign no fewer than four mortgage loan officers to actively solicit applications from majority-Black and Hispanic census tracts within the Houston assessment area. These mortgage loan officers must together cover all majority-Black and Hispanic census tracts within the Houston assessment area. The compensation of mortgage loan

officers working in majority-Black and Hispanic census tracts should be comparable to the compensation of other mortgage loan officers.

G. Loan Subsidy Fund

25. The Bank will invest a minimum of \$4.17 million in a loan subsidy program to increase the credit that the Bank offers for home mortgage loans, home improvement loans, and home refinance loans to residents in majority-Black and Hispanic census tracts in the Houston assessment area. No more than twenty-five percent of the loan subsidy fund may be used for home refinances. The loan subsidy fund may be used for down payment assistance, closing cost assistance, mortgage insurance premiums, and any other appropriate assistance measures approved by the United States in writing. No applicant may receive a total subsidy greater than \$10,000 per loan.

26. Under the loan subsidy fund, the Bank will subsidize loans made to “qualified applicants.” A “qualified applicant” is any applicant who: (1) qualifies for a loan under the Bank’s underwriting standards; and (2) applies for a loan secured by residential property located in a majority-Black and Hispanic census tract in the Houston assessment area that will serve as the borrower’s primary residence.

27. No provision of the Consent Order, including any loan subsidy or equivalent program, requires Cadence 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, the Bank may choose to apply more flexible underwriting standards in connection with its programs under this Consent Order. The Bank's underwriting standards applied to residents of majority-Black and Hispanic census tracts must be no less favorable than the standards applied in majority-white census tracts.

H. Community Development Partnership Program

28. The Bank will partner with one or more community-based or governmental organizations that provide the residents of majority-Black and Hispanic census tracts in the Houston assessment area with services related to credit, financial education, homeownership, and foreclosure prevention. The Bank will develop these partnerships in a manner consistent with achieving the goals of the Consent Order. Through these partnerships, the Bank must spend a minimum of \$750,000 over the term of the Consent Order on services to residents of majority-Black and Hispanic census tracts in the Houston assessment area that increase access to residential mortgage credit.

29. Within 180 days of the Effective Date, the Bank will submit a proposal to the United States describing how it will implement the requirements of Paragraph 28. The proposal will include an explanation of its proposed partner(s). The proposal should also describe, to the extent available, the Bank's plans to

implement the partnership(s). The proposal will be subject to the approval of the United States.

30. The Bank will evaluate the partnership(s) outlined in Paragraph 28 annually, including by considering the Community Credit Needs Assessment, in order to identify any needed changes to the program or better assist residents of majority-Black and Hispanic census tracts in the Houston assessment area in obtaining credit. The Bank will present a summary of its evaluation and any proposed changes to the United States as part of its annual reporting requirement under Paragraph 43. Any proposed changes will be subject to approval by the United States.

I. Advertising, Community Outreach, Consumer Financial Education, and Credit Repair Initiatives

31. The Bank will spend at least \$125,000 per year on advertising, outreach, consumer financial education, and credit repair counseling as described in this Section.

32. Within 90 days of the Effective Date, the Bank will submit an Advertising, Outreach, and Education Plan (“Outreach Plan”) to the United States detailing how it will spend these funds. The Outreach Plan will include an explanation of why the Bank selected certain strategies. The Outreach Plan is subject to the approval of the United States. If the United States objects to any portion of the Outreach Plan, the Bank will make revisions and resubmit its

proposal within 14 days of receiving the United States' objections. The Bank will begin implementation of its Outreach Plan within 14 days of receiving approval from the United States.

33. The Bank will evaluate the strategies outlined in its Outreach Plan annually, including by considering the Community Credit Needs Assessment, in order to identify any changes necessary to better assist residents of majority-Black and Hispanic census tracts in the Houston assessment area in obtaining credit. The Bank will present a summary of its evaluation and any proposed changes to the United States as part of its annual reporting requirement under Paragraph 43. Any proposed changes will be subject to approval by the United States.

i. Advertising

34. The Bank will endeavor to effectively advertise all of its residential loan products and the loan subsidy fund outlined in Section G to residents of majority-Black and Hispanic census tracts in the Houston assessment area, and will target advertising to generate mortgage loan applications from qualified applicants in these census tracts. The Bank's advertising may include print media, radio, Internet advertising, television, direct mail, and any other appropriate medium approved by the United States in writing. These advertisements must include similar information to other advertisements by the Bank. The Bank must advertise to majority-Black and Hispanic census tracts in its Houston assessment area to the

same extent, and by the same means, that it advertises to majority-white census tracts in its Houston assessment area.

35. The Bank will create point-of-distribution materials, such as posters and brochures, targeted toward majority-Black and Hispanic census tracts to advertise products and services. The Bank will place or display these promotional materials in its branch offices. Any promotional materials relevant to the seminars described below in Paragraph 40 will be translated into Spanish.

36. All of the Bank's print advertising and promotional materials referencing residential mortgage loans will contain an equal housing opportunity logo, slogan, or statement. All radio or television advertisements will include an audible statement that the Bank is an "Equal Opportunity Lender" or "Equal Housing Lender."

ii. Outreach

37. The Bank will provide two outreach programs per year for real estate brokers and agents, developers, and public or private entities engaged in residential real estate-related business in majority-Black and Hispanic census tracts to inform them of its products and services and to develop business relationships. These programs will be offered at a location reasonably convenient to the business operations of the attendees.

38. The Bank may underwrite or sponsor non-profit events in support of the majority-Black and Hispanic census tracts in the Houston assessment area that are related to building relationships within those areas and designed to generate applications for home mortgages.

iii. Financial Education and Credit Repair

39. The Bank will develop a consumer education program designed to provide information, training, and counseling services to individuals in majority-Black and Hispanic census tracts in the Houston assessment area about consumer finance and credit repair.

40. The Bank will provide a minimum of four seminars per year targeted toward residents in majority-Black and Hispanic census tracts in the Houston assessment area and held at a location convenient to those residents. At least one seminar per year will be conducted in Spanish and will contain similar information to the Bank's other seminars. These seminars will cover credit counseling, financial literacy, and other related education to help identify and develop qualified loan applicants.

III. Evaluating and Monitoring Compliance

41. The Bank will retain its records related to its obligations under this Consent Order. The United States has the right to review and copy these records.

42. Every year, within 30 days of its submission of data to the Federal Financial Institutions Examination Council (“FFIEC”) in accordance with the Home Mortgage Disclosure Act of 1975, [12 U.S.C. §§ 2801-2811](#), the Bank will provide this data to the United States in the same format, including the record layout.

43. Beginning 12 months after the Effective Date, the Bank will submit annual reports to the United States on its progress in complying with the terms of the Consent Order and associated plans and programs. The final report will be delivered to the United States at least 60 days prior to the expiration of the Consent Order. The reports will provide a complete account of the Bank’s actions to comply with the Consent Order, the Bank’s assessment of the extent to which each obligation was met, an explanation of why the Bank fell short of meeting its goals for any particular component, and recommendations for additional actions to achieve the goals set forth in the Consent Order and associated plans and programs. The Bank will attach to its reports copies of training materials and advertising and marketing materials distributed under this Consent Order. The Bank’s Board of Directors and Chairman and CEO will review and approve the reports. If the United States raises any objections to a report, the parties will have 14 days to confer and resolve their differences. The parties may mutually agree to additional time to confer, if necessary.

44. All materials required by this Consent Order will be sent to the United States by email to the Department of Justice attorney(s) assigned to this matter, and by commercial overnight delivery service addressed as follows:

Chief, Housing and Civil Enforcement Section
Civil Rights Division, U.S. Department of Justice
150 M Street NE, 8th Floor
Washington, D.C. 20002
Attn: DJ# 175-19-395

IV. Administration

45. The requirements of this Consent Order will remain in effect for five years, except as provided in Paragraph 46.

46. If, within five years of the Effective Date, the Bank has not invested all money in the loan subsidy fund described in Section G, the Consent Order will remain in full effect until three months after the Bank has invested all the money in the loan subsidy fund and has submitted a final report to the United States that demonstrates the fulfillment of this obligation.

47. Any time limits for performance may be extended by mutual written agreement of the parties. Other modifications may be made only upon approval of the Court. If there are changes in material factual circumstances, the parties will work cooperatively to discuss and attempt to agree to proposed modifications to the Consent Order.

48. If disputes arise about the interpretation of, or compliance with, the Consent Order, the parties will endeavor in good faith to resolve any dispute before bringing it to the Court for resolution. If the United States believes that the Bank has violated any provision of this Consent Order, it will provide the Bank with written notice and 30 days to resolve the alleged violation before presenting the matter to the Court. If the Bank violates any provision of the Consent Order or fails to perform an act required by the Consent Order, the United States may move the Court to impose any remedy authorized by law or equity, including attorneys' fees and costs.

49. Nothing in the Consent Order excuses the Bank's compliance with any currently or subsequently effective provision of law or order of a regulator.

50. If the Bank seeks to transfer or assign all or part of its operations to a successor or assign that intends to carry on the same or similar business, the Bank will obtain the written agreement of the successor or assign to obligations under the Consent Order as a condition of sale, merger, or other transfer.

51. The parties agree that litigation is not reasonably foreseeable. If any party implemented a litigation hold to preserve information, the party is no longer required to maintain it.

52. The parties to this Consent Order will bear their own costs and attorneys' fees.

53. The Court will retain jurisdiction over this civil action to enforce the terms of this Consent Order.

SO ORDERED, this 31st day of August, 2021.



HONORABLE J. P. BOULEE
UNITED STATES DISTRICT JUDGE

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

For the United States of America:

MERRICK B. GARLAND
Attorney General

KURT R. ERSKINE
Acting United States Attorney
Northern District of Georgia

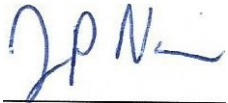
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