

**UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TENNESSEE  
WESTERN DIVISION**

UNITED STATES OF AMERICA,	)	Civil Action No. 2:24-cv-2029
	)	
Plaintiff,	)	
	)	
v.	)	
	)	
PATRIOT BANK,	)	
	)	
Defendant.	)	
	)	

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**CONSENT ORDER**

**I. INTRODUCTION**

The Parties jointly submit this Consent Order for approval and entry by the Court. The Order resolves all claims of the United States of America (“United States”) alleging that, between 2015 and 2020, Patriot Bank (“Patriot” or the “Bank”) engaged in a pattern or practice of unlawful redlining in violation of the Fair Housing Act (“FHA”), 42 U.S.C. §§ 3601–3619, the Equal Credit Opportunity Act (“ECOA”), 15 U.S.C. §§ 1691–1691f, and Regulation B, 12 C.F.R. § 1002.1 *et seq.*, by discriminating on the basis of race, color, and national origin. Specifically, the United States alleges that Patriot engaged in illegal redlining by avoiding providing home loans and other mortgage services in majority-Black and Hispanic census tracts in the Bank’s self-designated assessment area in the Memphis, Tennessee-Mississippi-Arkansas Metropolitan Statistical Area (“MSA”) and engaged in discriminatory conduct that would discourage loan applications from prospective applicants who are residents of, or seeking credit in majority-Black and Hispanic census tracts in the Bank’s Memphis assessment area.

The Bank is aware of the United States’ primary allegations, although the United States

did not provide a copy of the Complaint to Patriot prior to filing it in this Court. The Bank denies any allegations of redlining and of all unlawful conduct in the Complaint but, for the purposes of this Consent Order, the Bank admits facts necessary to establish this Court's jurisdiction over it and over the subject matter of this action.

The Court has jurisdiction over the Parties and subject matter of this action. There have been no factual findings or adjudication in this case including the allegations in the United States' Complaint. The Parties enter into this Consent Order to voluntarily resolve all claims that the United States asserts arising from the alleged conduct in the Complaint. Entry of this Consent Order is in the public interest. The Parties agree that the goal of this Consent Order is to increase access to credit in majority-Black and Hispanic neighborhoods in Fayette, Shelby, and Tipton counties in the Memphis MSA. The Parties further agree that full implementation of the terms in this Consent Order will provide a resolution to the claims asserted in the Complaint in a manner consistent with Patriot's legitimate business interests.

## **II. BACKGROUND**

Patriot is a state-chartered bank headquartered in Millington, Tennessee, and is subject to the regulatory authority of the Board of Governors of the Federal Reserve System ("FRB"). Patriot offers commercial, consumer, and residential mortgage banking services and products. Patriot currently operates eight branches and two loan production offices in Tennessee. As of September 30, 2023, Patriot's total assets equaled about \$459.45 million. As of January 1, 2015, Patriot's total assets equaled about \$275.24 million and as of December 31, 2020 Patriot's assets equaled about \$450.77 million. Patriot is the fully-owned subsidiary of Patriot of Tennessee Corporation.

In March 2019, the FRB initiated a consumer compliance examination of Patriot's activities from 2015 to 2018. On November 24, 2020, the FRB referred this matter to the United

States. On January 21, 2021, the United States notified Patriot that it was opening an investigation into whether Patriot had engaged in unlawful redlining in violation of the FHA and ECOA.

The United States contends that, from 2015 through 2020, Patriot avoided serving the credit needs of borrowers in majority-Black and Hispanic census tracts in the Bank's assessment area in the Memphis MSA and discouraged borrowers in majority-Black and Hispanic census tracts, or borrowers seeking credit in those tracts, from obtaining mortgage loans, while acting to serve the credit needs for mortgage loans in majority-white census tracts. Patriot asserts that, at all times, including the historical 2015 to 2020 period at issue in this proceeding, Patriot has always acted to help meet the mortgage credit needs of Black and Hispanic communities and resolutely denies that it ever engaged in "redlining" of Black and Hispanic areas. Patriot enters this settlement to avoid adversarial and costly litigation with the United States, and because the compliance, lending, and community partnership activities in this Consent Order describe and adopt actions that Patriot has already voluntarily taken in the past years to advance credit and homeownership opportunities in Black and Hispanic neighborhoods.

### **III. TERMS OF THE ORDER**

#### **A. Definitions**

1. For the purposes of this Consent Order:
  - a. Patriot's "Memphis lending area" consists of its self-designated assessment area under the Community Reinvestment Act: Fayette, Shelby, and Tipton Counties in Tennessee.
  - b. 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.

c. 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.

d. The “Effective Date” is the date this Consent Order is entered by the Court.

**B. Lending Practices**

2. Patriot recognizes that it has an obligation to comply with laws that prohibit discrimination in lending and that (a) acts or practices that discriminate on the basis of race, color, or national origin violate the FHA and the ECOA, and (b) redlining violates the FHA and the ECOA.

3. Patriot commits that it, including all of its officers, agents, servants, and employees, will operate in compliance with the FHA and the ECOA and will not engage in redlining or any other acts or practices that discriminate on the basis of race, color, or national origin in violation of the FHA and ECOA.

**C. Community Credit Needs Assessment**

4. A Community Credit Needs Assessment is a research-based market study to help a lender identify the needs for financial services in an area. Patriot represents that, in 2021, it conducted its own community credit needs assessment for majority-Black and Hispanic census tracts within its Memphis lending area and continues to engage in activities designed to assess the residential mortgage credit needs of those majority-Black and Hispanic census tracts.

5. Within 60 days from the Effective Date of this Consent Order, Patriot will submit to the United States for non-objection an initial Community Credit Needs Report (“CCNR”) memorializing the Bank’s efforts to assess community residential mortgage credit needs from 2021 to the Effective Date in majority-Black and Hispanic census tracts in the Memphis lending area.

The report will include at least the following categories of information:

- a. the process for assessment (including stakeholders interviewed and market research relied upon);
- b. recommendations to address each remedial requirement of the Consent Order in light of what the Bank learned during its assessment process;
- c. the evaluation of residential mortgage credit needs<sup>1</sup> and current lending opportunities available in the Memphis lending area (including market research and descriptions of interviews of community-based and governmental organizations);
- d. recent demographic and socioeconomic data;
- e. potential strategies for Patriot to provide residential mortgage products and lending services in majority-Black and Hispanic census tracts in the Memphis lending area;
- f. a review of loan products offered by other lenders in the Memphis lending area; and
- g. a review of federal, state, and local programs that are available to residents in the Memphis lending area seeking and obtaining residential mortgage loans.

If the United States objects to any portion of the CCNR, the Parties will work collaboratively to resolve any differences regarding objections, then Patriot will resubmit a revised CCNR within 30 days of receiving the United States' objection.

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<sup>1</sup> Residential mortgage credit needs include all dwelling-secured lending, including home purchase, home refinance, and home improvement loans.

6. Within 14 days of receiving the United States' non-objection to the CCNR, Patriot will present the CCNR to senior management with fair lending and marketing oversight and members of the Board of Directors.

7. Patriot will continue to assess the residential mortgage credit needs and current lending opportunities in majority-Black and Hispanic census tracts in the Memphis lending area on an ongoing basis throughout the term of this Consent Order. Each year during the term of this Consent Order, the Bank will meet with community partners, government officials, real estate agents or brokers, among others, to understand and assess the credit needs of the majority-Black and Hispanic communities in the Memphis lending area.

8. Patriot will report annually to the United States about the Bank's efforts and actions to assess community credit needs in majority-Black and Hispanic census tracts in the Memphis lending area that year. The annual CCNRs will include the information outlined in Paragraph 5 above and will detail the Bank's continued implementation of the credit needs assessments and strategies. Patriot will submit the CCNRs to the United States as part of its annual reporting requirement under Section IV.C.

**D. Fair Lending Compliance**

9. In February 2021, Patriot retained an independent, qualified third-party consultant ("CMS Consultant") to conduct a detailed assessment of Patriot's fair lending compliance management system in the Memphis lending area, specifically as it relates to fair lending obligations and lending in majority-Black and Hispanic census tracts. The CMS Consultant's 2021 assessment included a review and revision of the Bank's then-existing fair lending policies and practices, including, but not limited to: (1) an analysis of the Bank's policies and practices relating to the location of branches, (2) loan officers' solicitation of applications, training, oversight, and

compensation, (3) marketing and advertising, and (4) fair lending compliance monitoring, including Patriot's formal process for ongoing statistical monitoring of mortgage underwriting, pricing, and redlining risk and, if such risks have been identified, the process for formal reporting and remediation of those risks.

10. As informed by the findings of the CMS Consultant's 2021 assessment, the Bank made the following improvements, among others, to its fair lending compliance management system: (1) in April 2021 the Bank established formal policies for conducting reviews of branching and lending locations prior to any change, including the adoption of a location change fair lending risk analysis procedure and checklist; (2) in April 2021 the Bank conducted specialized fair lending training for loan officers; (3) in April 2021 the Bank established a Marketing and Lending Penetration Plan for reaching majority-Black and Hispanic census tracts in the Memphis lending area, which is presented to the Bank's Board of Directors for approval on a quarterly basis, and monitoring of the marketing and advertising activities; (4) in January 2021 the Bank engaged a consulting economist to conduct annual statistical monitoring of mortgage underwriting, pricing, steering, and redlining risk, and (5) in March 2021 the Bank created an annual fair lending monitoring plan and in June 2021 implemented fair lending risk management reporting to the Board of Directors.

11. Patriot currently employs a fair lending compliance management program and will continue to maintain its current fair lending compliance management program, policies, and practices as outlined above throughout the term of this Consent Order. Patriot will report any material changes or updates, subject to non-objection by the United States, to its 2021 fair lending compliance management program, policies, and practices as part of its annual reporting requirements in Section IV.C.

**E. Fair Lending Training**

12. Patriot currently provides annual training to all Patriot 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 marketing oversight; and members of the Board of Directors (collectively, “the Relevant Bank Staff and Officials”) on Patriot’s obligations under ECOA, Regulation B, and the FHA. In 2021, Patriot retained an independent, qualified third-party trainer to develop and deliver a fair-lending training on the Bank’s obligations under ECOA, Regulation B, and the FHA; the trainer also presented fair-lending training to the Board of Directors and to Patriot’s mortgage loan officers, underwriters, and processors. Patriot will continue to annually present the 2021 fair-lending training curriculum throughout the term of this Consent Order to Relevant Bank Staff and Officials. Patriot will notify the United States, in writing, of any proposed changes to the 2021 fair-lending training curriculum before delivering the annual training; all changes are subject to non-objection by the United States.

13. In March 2021, Patriot implemented a system, which continues in operation, for each individual to acknowledge the completion of fair lending training. For the term of this Consent Order, as part of its reporting requirements in Section IV.C, Patriot will provide a report to the United States that includes individual acknowledgements that each Relevant Bank Staff and Official completed the annual fair lending training as required in Paragraph 12 and a list of Relevant Bank Staff and Officials who were required to complete the training.

14. Within 60 days of the Effective Date, Patriot will provide a copy of the Complaint and Consent Order in this matter to all Relevant Bank Staff and Officials. Patriot will implement a system for each individual to acknowledge that they received a copy of the Complaint and Consent Order. Within 75 days of the Effective Date, Patriot will provide these acknowledgements

to the United States in a report that also includes the names and titles of each individual to whom the Complaint and Consent Order was delivered and a list of all Relevant Bank Staff and Officials.

15. Patriot will develop a training curriculum and provide training to the Relevant Bank Staff and Officials on Patriot's obligations under the Consent Order. Within 60 days of the Effective Date, Patriot will submit the proposed training curriculum described in this Paragraph to the United States for non-objection. Within 60 days of receiving non-objection from the United States regarding the proposed training curriculum, Patriot will deliver the training to Relevant Bank Staff and Officials. Patriot will implement a system for each individual to acknowledge that they completed this training and had the opportunity to ask questions. Within 150 days of the Effective Date, Patriot will provide these acknowledgements to the United States in a report that also includes the names and titles of all Relevant Bank Staff and Officials.

16. Any individual who becomes a Relevant Bank Staff or Official during the term of this Consent Order will, within 30 days of beginning the covered position, receive a copy of the Complaint and Consent Order. Any individual who becomes a Relevant Bank Staff or Official will, within 60 days of beginning the covered position, receive the training discussed in Paragraph 12. Patriot will provide a report to the United States, as part of its annual reporting requirement under Section IV.C, that includes acknowledgements by new Relevant Bank Staff or Officials that they completed fair lending training, received the Complaint and Consent Order, and had the opportunity to ask questions.

17. Patriot will continue to bear all costs associated with fair lending training, and will bear all costs associated with training on the Consent Order.

**F. Director of Community Lending**

18. Patriot has designated an existing, qualified full-time employee as the Director of

Community Lending and has notified the United States of its selection and the United States does not object. The Director of Community Lending will be charged with the primary responsibility of overseeing the development of Patriot's lending in majority-Black and Hispanic census tracts in its Memphis lending area and Patriot's compliance with this Consent Order. The Director of Community Lending may maintain other responsibilities at the Bank.

19. The designated Director of Community Lending is, and will be, an officer-level position that reports directly to the Chief Executive Officer of the Bank. The Director of Community Lending will provide reports on at least a quarterly basis to the Bank's Board of Directors and Chief Executive Officer regarding the Bank's activities and responsibilities related to the following:

- a. implementing and administering all aspects of Patriot's compliance with the Consent Order;
- b. monitoring loan officers' solicitation and origination of loans in majority- Black and Hispanic census tracts in the Memphis lending area, including the loan subsidy fund described in Section III.H;
- c. coordinating Patriot's involvement in community lending initiatives and outreach programs;
- d. encouraging and developing more lending within majority-Black and Hispanic census tracts;
- e. promoting financial education;
- f. engaging in activities and/or partnerships related to financial counseling; and
- g. building relationships with community groups engaged in work within majority-Black and Hispanic census tracts for the purpose of increasing access

to credit and affordable housing.

20. Patriot will maintain this position throughout the term of this Consent Order. If a new Director of Community Lending is appointed at any time during the term of this Consent Order, Patriot will notify the United States in writing within 10 days of the staffing change.

**G. Physical Presence in Majority-Black and Hispanic Census Tracts**

21. In November 2020, Patriot opened a full-service branch in a majority-Black and Hispanic census tract in the City of Memphis. Patriot also operates two branches that are located in a majority-Black and Hispanic census tract in the City of Covington in Tipton County in the Memphis lending area, and has operated these two branches during all time periods at issue in this proceeding. Throughout the term of this Consent Order, Patriot will continue to offer the Bank's complete range of products and services at all three of Patriot's branches located in majority-Black and Hispanic tracts in the Memphis lending area, will continue to accept first-lien mortgage loan applications, and will maintain hours of operation consistent with Patriot's other full-services branches in the Memphis lending area.

22. Throughout the term of this Consent Order, Patriot will maintain at least one full-time mortgage loan officer or community lending officer at its full-service branch in a majority-Black and Hispanic census tract in the City of Memphis, and at least one full-time mortgage loan officer responsible for the two branches in a majority-Black and Hispanic census tract in the City of Covington.

23. Patriot will evaluate any future opportunities for expansion within its Memphis lending area, whether by acquisition or opening new branches or loan production offices, in a manner consistent with prudent and sound banking practices and in consideration of the goals of this Consent Order and Patriot's ongoing Community Credit Needs Reports. Patriot must notify

the United States in writing of any plans to open, acquire, or close any new branches or other loan production offices within its Memphis lending area at the same time that it notifies other regulators.

**H. Loan Subsidy Fund**

24. Patriot will invest a minimum of \$1.3 million in a loan subsidy fund with the goal of increasing credit for home mortgage loans, home improvement loans, and home refinance loans extended in majority-Black and Hispanic census tracts in its Memphis lending area. No more than twenty-five (25) percent of the loan subsidy fund may be used for home refinances. Patriot established a Special Purpose Credit Program (SPCP) in March 2021 for home purchase and home improvement loans in majority-Black and Hispanic census tracts in the Memphis lending area, and the Bank amended its SPCP written plan in December 2023. The loan subsidy fund may be distributed through Patriot's existing SPCP as amended in December 2023, to which the United States does not object. Throughout the term of the Consent Order, if Patriot seeks to amend its written plan for its SPCP, Patriot must submit the amended written plan to the United States for its non-objection, prior to implementing the amended SPCP plan.

25. Under the loan subsidy fund, Patriot will subsidize home mortgage, home improvement, and/or refinance loans made to "qualified applicants." A "qualified applicant" is any applicant who:

- a. applies for a mortgage for a residential property located in a majority-Black and Hispanic census tract in the Memphis lending area that will serve as the applicant's primary residence, and
- b. qualifies for a loan under Patriot's nondiscriminatory underwriting standards.

26. Loan subsidies under the loan subsidy fund can be provided by the following means (or any combination) but Patriot will offer qualified applicants the choice of at least two of the

following forms of assistance from which the qualified applicant may select:

- a. originating a loan for a home purchase, refinancing, or home improvement at an interest rate below the otherwise prevailing market interest rate offered by Patriot;
- b. down payment assistance in the form of a direct grant to the borrower;
- c. closing cost assistance in the form of a direct grant to the borrower;
- d. payment of the initial mortgage insurance premium on loans subject to such mortgage insurance; and
- e. any other assistance measures approved by the United States.

The combined forms of subsidies set forth in this Paragraph cannot exceed \$15,000 per loan origination for qualified applicant(s). The United States does not object to Patriot's existing SPCP as amended December 2023 under the requirements of this Paragraph.

27. No provision of the Consent Order, including any loan subsidy or equivalent program, requires Patriot 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. Patriot's underwriting standards applied to applicants for loans in majority-Black and Hispanic census tracts must be no less favorable than the standards applied in majority-white census tracts.

**I. Community Development Partnership Program**

28. Patriot will continue to partner with one or more community-based or governmental organizations that provide the residents of majority-Black and Hispanic census tracts in the Memphis lending area with services related to credit, consumer financial education, homeownership, and foreclosure prevention. Patriot must spend a minimum of \$75,000 per year (at least \$225,000 over the term of the Consent Order) with community-based or governmental

organizations that provide professional services to residents of majority-Black and Hispanic census tracts in the Memphis lending area relating to increasing access to residential mortgage credit, consumer financial education, homeownership, or foreclosure prevention. Patriot will continue to develop these partnerships in a manner consistent with achieving the goals of the Consent Order.

29. Within 45 days of receiving non-objection from the United States regarding the first Community Credit Needs Report described in Section III.C., Patriot will submit a written 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, Patriot's plans to implement the partnership(s), as well as a description of how the partnership(s) will be used to meet the credit needs identified in the Community Credit Needs Report. The proposal will be subject to non-objection by the United States.

30. Patriot will evaluate the partnership(s) outlined in Paragraph 29 annually, including by considering the Bank's ongoing assessments of community credit needs, in order to identify any needed changes to the program or ways to better assist residents of majority-Black and Hispanic census tracts in the Memphis lending area in obtaining credit. Patriot will present a summary of its evaluation and any proposed changes to the United States as part of its annual reporting requirement under Section IV.C. Any proposed changes will be subject to non-objection by the United States.

**J. Advertising and Community Outreach**

31. Patriot will spend a minimum of \$125,000 per year (at least \$375,000 over the term of this Consent Order) on advertising, outreach, consumer financial education, and counseling initiatives targeted to majority-Black and Hispanic census tracts in the Memphis lending area.

32. Within 60 days of receiving non-objection from the United States regarding the Community Credit Needs Report described in Section III.C., Patriot will submit an advertising, outreach, and education plan (“Outreach Plan”) to the United States detailing how it will spend these funds for the period remaining in the calendar year, and then will submit annual Outreach Plans as part of the annual reporting requirements for the remainder of the term of the Consent Order. The Outreach Plan will include an explanation of why Patriot selected certain approaches and, to the extent available in advance of implementation, how Patriot’s advertising, outreach, consumer financial education, and credit counseling initiatives are designed to meet the credit needs identified in the Bank’s ongoing community credit needs assessments. To the extent the requisite information is already detailed in Patriot’s contemporaneous Marketing and Lending Penetration Plan (as referenced in Paragraph 10), Patriot may incorporate its Marketing and Lending Penetration Plans as part of the Outreach Plan, if provided simultaneously. The Outreach Plan will be subject to non-objection by the United States. If the United States objects to any portion of the Outreach Plan, the Parties will work collaboratively to resolve any differences regarding the objections, then Patriot will resubmit a revised Outreach Plan within 30 days of receiving the United States’ objection. Patriot will begin implementation of its Outreach Plan within 30 days of receiving non-objection from the United States.

33. Patriot will evaluate the strategies outlined in its Outreach Plan at least annually, including by considering the ongoing community credit needs assessments, in order to identify any changes to help increase access to credit in majority-Black and Hispanic census tracts in its Memphis lending area. Patriot will present a summary of its evaluation and any proposed changes to the United States as part of its annual reporting requirement under Section IV.C. Any proposed changes will be subject to non-objection by the United States.

i. **Advertising**

34. Patriot will continue to advertise its residential loan products, including its SPCP products for which the loan subsidy fund outlined in Section III.H will be applied, to majority-Black and Hispanic census tracts in its Memphis lending area and will target advertising to generate mortgage loan applications from qualified applicants as defined in Paragraph 26, above. Patriot's advertising may include print media, radio, digital advertising, television, and direct mail. These advertisements will include similar information to other advertisements by Patriot. Patriot must advertise its mortgage lending services and products to majority-Black and Hispanic census tracts in its Memphis lending area at least to the same extent that it advertises its mortgage lending services and products to majority-white census tracts in its Memphis lending area.

35. Patriot has created point-of-distribution materials, such as digital display, posters and brochures, designed to increase access to credit in majority-Black and Hispanic census tracts to advertise its SPCP products and services. Patriot will continue to place or display these promotional materials in all of its branch offices.

36. All of Patriot's print advertising and promotional materials referencing residential mortgage loans contain an equal housing opportunity logo, slogan, or statement, and will continue to do so throughout the term of this Consent Order. All radio advertisements include an audible statement that Patriot is an "Equal Opportunity Lender" or "Equal Housing Lender," and all television advertisements include a visual statement that Patriot is an "Equal Opportunity Lender" or "Equal Housing Lender," and Patriot will continue to include these statements for both types of advertisements throughout the term of this Consent Order.

ii. **Outreach**

37. Patriot must hold or substantially participate in, or with (as further described

below), at least six (6) 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. Patriot will:

- a. hold at least two of these outreach programs;
- b. present at or substantially participate in at least two additional outreach programs; and
- c. conduct at least two additional meetings to discuss issues pertaining to serving the mortgage credit needs in majority-Black and Hispanic census tracts in addition to the purposes outlined in this paragraph.

38. Throughout the term of the Consent Order, Patriot Bank will continue to make oral language interpretive services available to its Limited-English-Proficient customers and potential customers through a qualified, third-party interpreter service. These services will be available at branches and via phone. Patriot will confirm this service annually as part of its annual reporting requirements in Section IV.C. Patriot has selected a qualified, third-party service provider to which the United States does not object. Patriot will notify the United States in writing if it seeks to change its selected provider. The interpreter service provider is subject to non-objection by the United States.

iii. **Consumer Financial Education and Credit Counseling**

39. Patriot will provide or present at and substantially participate in a minimum of four (4) consumer financial education seminars per year as follows: (a) Patriot will provide a minimum of two (2) seminars per year, with translation and interpretation services available in Spanish, targeted toward residents in majority-Black and Hispanic census tracts in the Memphis lending

area that will cover credit counseling, financial literacy, and other related education, to help identify and develop qualified loan applicants from those areas, and (b) Patriot will present at or substantially participate in an additional two (2) seminars per year targeted towards residents in majority-Black and Hispanic census tracts in the Memphis lending area that will cover credit counseling, financial literacy, and other related education, to help identify and develop qualified loan applicants from those areas. Patriot may develop and provide these consumer education seminars in conjunction with the community-based or governmental organization that Patriot partners with as described in Section III.I.

40. Patriot will provide financial support to HUD-approved financial education counselors who provide services targeted towards majority-Black and Hispanic census tracts, up to an aggregate annual contribution of \$10,000 per year for all partner organizations to offset the organizations' direct cost of financial counseling services.

41. Patriot will propose in the Outreach Plan how it will implement the requirements of Paragraph 40. This proposal will be subject to the non-objection of the United States.

42. Throughout the term of the Consent Order, Patriot Bank will maintain a qualified, third-party online financial literacy program to provide to financial literacy and education services to customers and potential customers online and free-of-charge. Patriot may spend up to \$10,000 per year of its annual advertising and outreach funding requirement, as detailed in Paragraph 31, to fund a portion of the financial literacy program. Patriot will confirm this service annually as part of its annual reporting requirements in Section IV.C. Patriot has selected a qualified, third-party service provider to which the United States does not object. Patriot will notify the United States in writing if it seeks to change its selected provider. The financial literacy provider is subject to non-objection by the United States.

#### **IV. EVALUATING AND MONITORING COMPLIANCE**

##### **A. Record Retention**

43. Patriot will retain all records related to its obligations under this Consent Order and all activities to carry out this Order. The United States has the right to review and copy these records upon request.

##### **B. Annual Reports**

44. Beginning 12 months after the Effective Date, Patriot 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 Patriot's actions to comply with the Consent Order, Patriot's assessment of the extent to which each obligation was met, if Patriot falls short of meeting its goals under the Consent Order, an explanation of why Patriot fell short for any particular component, and recommendations for additional actions to achieve the goals set forth in the Consent Order and associated plans and programs.

45. The annual reports shall also include an accounting of all subsidies made and mortgage loans originated under the loan subsidy program described in Section III.H to date, including the following information: the HMDA LAR universal loan identifier for the subsidized loan; closing date; address of the property securing the loan; census tract location of the property securing the loan; ethnicity and/or race of the borrower (if known); loan type; loan purpose; loan amount; loan subsidy amount; and loan subsidy type (i.e., down payment assistance, closing cost assistance, etc.). The annual reports will also indicate which of the loans benefitting from the loan subsidy fund were made to first-time homeowners.

46. Patriot will attach to its annual reports copies of training materials, samples of advertising and marketing materials distributed under this Consent Order as well as a detailed list of outreach and education events. Patriot will provide additional advertising and marketing materials upon request by the United States.

47. Patriot's Board of Directors and Chief Executive Officer will review and approve the reports. After the Bank's submission of each annual report to the United States, the United States or the Bank may request an in-person or video meeting to discuss the Bank's progress in complying with the terms and efforts to further the goals of fair housing in the Memphis lending area.

48. If the United States raises any objections to a report, the Parties will have 30 days to confer and resolve their differences. The Parties may mutually agree to additional time to confer, if necessary. If the Parties are unable to resolve their differences, either Party may bring the dispute to the Court for resolution.

### **C. Submissions**

49. 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: Jenna Raden (jenna.raden@usdoj.gov). The United States will notify Patriot in writing if the assigned attorneys change.

50. Upon request by the Department of Justice attorney(s) assigned to this matter, the United States may request that Patriot submit materials required by this Consent Order 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, DC 20002  
Attn: Patriot Bank, DJ# 188-72-7

51. The United States will submit all non-objections in writing via email to Patriot Bank's counsel (or to other contacts designated by Patriot Bank in writing to the United States).

**V. ADMINISTRATION**

52. The requirements of this Consent Order will remain in effect for three (3) years, except as provided in Paragraphs 53 and 54.

53. At Patriot's option, Patriot's obligations under Sections III.H and IV.C of the Consent Order relating to the loan subsidy fund and annual reporting may extend to five (5) years, if Patriot notifies the United States in writing no less than 90 days before the three-year term expires in order to trigger this provision. If Patriot opts to extend the term under this provision, no less than 60 days before the expiration of the three-year term, the Parties will jointly file a motion with the Court to extend the term as relating to Patriot's obligations under Sections III.H and IV.C.

54. At the end of the term of the Consent Order, if Patriot has not invested all money in the loan subsidy fund described in Section III.H, the Consent Order will remain in effect until three months after Patriot 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.

55. Patriot will maintain all documents and records necessary to demonstrate full compliance with the Consent Order, including all submissions made to the United States, until the requirements of Paragraphs 52 through 54 are fulfilled. Patriot must make these documents available to the United States upon the United States' request.

56. 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, by motion by any Party. 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.

57. 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 Patriot 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.

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

59. Patriot will notify the United States of any development that may materially affect compliance obligations arising under this Order, including but not limited to, a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor company; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order; the filing of any bankruptcy or insolvency proceeding by or against Patriot; or a change in Patriot's name or address. Patriot will provide this notice as soon as practicable after learning about the development.

60. Within 10 days of the Effective Date, Patriot will:

- a. Identify all businesses for which Patriot is the majority owner, or that Patriot directly or indirectly controls, by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; and
- b. Describe the activities of each such business, including the products and services offered, and the means of advertising, marketing, and sales.

61. Patriot will report any change in the information required to be submitted under Paragraphs 59 and 60 as soon as practicable, but in any case, at least 30 days before the change.

62. This Order is binding on Patriot, including all of its officers, agents, servants, employees, its assignees, and successors in interest. If Patriot 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, Patriot 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.

63. 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. Nothing in this Paragraph relieves either Party of any other obligations imposed by the Consent Order.

64. Patriot's compliance with the terms of the Order shall fully and finally resolve all claims of the United States described in Section I of this Order alleging that Patriot violated the FHA and ECOA, including claims for injunctive and equitable relief, monetary damages, and civil penalties. The Order does not release claims for practices not described in Section I of this Order, 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 the Bank, any of its affiliated entities, or any institution-affiliated party of it, as defined in 12 U.S.C. § 1813(u), in accordance with 12 U.S.C. § 1818 or any other statute or regulation. The Order does not resolve or release any claims other than claims for discrimination.

65. The Parties to this Consent Order will bear their own costs and attorneys' fees.

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

SO ORDERED, this \_\_ day of \_\_\_\_\_, 2024.

\_\_\_\_\_  
UNITED STATES DISTRICT JUDGE

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

Respectfully submitted this 17th day of January, 2024.

**For the United States of America:**

KEVIN G. RITZ  
United States Attorney  
Western District of Tennessee

KRISTEN CLARKE  
Assistant Attorney General  
Civil Rights Division

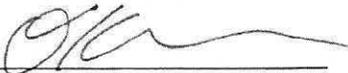
*s/ Sarah Pazar Williams*  
*(per email consent 1/16/24)*

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