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1 UNITED STATES DISTRICT COURT
2 FOR THE CENTRAL DISTRICT OF CALIFORNIA
3
4 WESTERN DIVISION

5 UNITED STATES OF AMERICA,

No. 2:23-cv-00204

6 Plaintiff,

**NOTICE OF LODGING OF
[PROPOSED] CONSENT ORDER**

7
8 v.

9 CITY NATIONAL BANK,

10 Defendant.
11

12
13 Plaintiff, the United States of America, hereby lodges the [Proposed] Consent
14 Order, which is signed by all parties.

15 Dated: January 12, 2023

Respectfully submitted,

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1 UNITED STATES DISTRICT COURT
2 FOR THE CENTRAL DISTRICT OF CALIFORNIA
3 WESTERN DIVISION
4

5 UNITED STATES OF AMERICA,

Case No. 2:23-cv-00204

6 Plaintiff,

CONSENT ORDER

7 v.

8 CITY NATIONAL BANK,

Hon.

9 Defendant.

United States District Judge

10
11 **I. INTRODUCTION**

12 The Parties jointly submit this Consent Order for approval and entry by the Court.
13 The Order resolves all allegations of the United States of America (“United States”) in the
14 simultaneously filed Complaint, asserting that City National Bank (“City National” or “the
15 Bank”) engaged in a pattern or practice of unlawful redlining in violation of the Fair
16 Housing Act (“FHA”), 42 U.S.C. §§ 3601–3619, and the Equal Credit Opportunity Act
17 (“ECOA”), 15 U.S.C. §§ 1691–16911f, Regulation B, 12 C.F.R. § 1002.1 *et seq.*
18 Specifically, the United States alleges that City National engaged in redlining by avoiding
19 providing home loans and other mortgage services, and engaged in discriminatory conduct
20 that would discourage mortgage applications from prospective applicants who are
21 residents of or seeking credit in majority-Black and Hispanic census tracts in the Los
22 Angeles Metropolitan Division (“the Los Angeles MD” or “Los Angeles County”). The
23 Bank denies the allegations in the Complaint except that, for the purposes of this Consent
24 Order, the Bank admits only facts necessary to establish this Court’s jurisdiction over it
25 and over the subject matter of this action. The Bank maintains that it was in compliance
26 with applicable law at all times, but seeks to resolve this matter in order to avoid prolonged
27 litigation.
28

1 The Court has jurisdiction over the Parties and subject matter of this action. There
2 have been no factual findings or adjudication in this case. The Parties enter into this
3 Consent Order to voluntarily resolve all claims arising from the conduct alleged in the
4 Complaint. Entry of this Consent Order is in the public interest. The Parties agree that the
5 full implementation of the terms in this Consent Order will provide a resolution to the
6 claims asserted in the Complaint in a manner consistent with City National’s legitimate
7 business interests.

8 **II. BACKGROUND**

9 City National is a national bank headquartered in Los Angeles, California. City
10 National offers commercial, consumer, mortgage, and wealth management banking
11 services. As of April 30, 2022, City National had branches in California, Delaware,
12 Florida, Georgia, Massachusetts, Minnesota, Nevada, New York, Tennessee, Virginia, and
13 the District of Columbia. As of April 30, 2022, City National had total assets of
14 approximately \$90.9 billion. City National is the largest bank headquartered in the Los
15 Angeles MD.

16 By letter dated September 16, 2020, the United States notified City National that it
17 was opening an investigation into whether City National had engaged in redlining in
18 violation of the FHA and ECOA. After conducting its investigation and reviewing the
19 information provided by the Bank, the United States contends that, from 2017 through at
20 least 2020, City National avoided serving the credit needs of borrowers in majority-Black
21 and Hispanic census tracts in the Los Angeles MD and discouraged borrowers in majority-
22 Black and Hispanic census tracts in the Los Angeles MD from obtaining mortgage loans.
23 The Bank denies the allegations that it engaged in redlining.

24 **III. TERMS OF THE ORDER**

25 **A. Lending Practices**

26 1. City National, including its officers, agents, servants and employees who
27 have actual notice of this Consent Order, is hereby enjoined from engaging in any act or
28 practice that constitutes redlining in violation of the FHA, ECOA, and Regulation B. The
term “officers, agents, servants, and employees” shall comport with the interpretation of

1 these terms under Fed. R. Civ. Proc. 65(d)(2)(B). Nothing in this Order will be read as an
2 exception to this Paragraph.

3 2. For purposes of this Consent Order, City National’s “Los Angeles Lending
4 Area” consists of the entirety of Los Angeles County.

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

10 **B. Fair Lending Compliance**

11 4. The date this Consent Order is entered by the Court is the “Effective Date.”
12 Within one hundred twenty days of the Effective Date, City National must conduct a
13 detailed assessment of the Bank’s fair lending program in the Los Angeles Lending
14 Area, specifically as it relates to fair lending obligations and lending in majority-Black
15 and Hispanic census tracts. City National must produce a written report (“Fair Lending
16 Status Report and Compliance Plan”) that includes a review of the Bank’s existing fair
17 lending policies and practices, an analysis of the Bank’s policies and practices related to
18 the location of branches; loan officers’ solicitation of applications¹, training, oversight,
19 and compensation; marketing; and fair lending compliance monitoring.

20 5. Within one hundred fifty days of the Effective Date, City National will
21 submit the Fair Lending Status Report and Compliance Plan described in Paragraph 4 to
22 the United States, subject to its non-objection.² The Fair Lending Status Report and
23 Compliance Plan will specifically include the status of progress relating to, at least:

24 ¹ “Loan officers” include Bank employees whose duties include, in whole or in
25 part, the acceptance and/or solicitation of home mortgage applications.

26 ² “Non-objection” means written notification to City National that there is no
27 objection to a proposal by City National for a course of action. Non-objections will be
28 provided as soon as practicable and will not be unreasonably withheld. Failure by the
United States to submit such written notification, proposed revisions, or written meet-

(footnote cont’d on next page)

- a. The steps City National has taken to revise the Bank's mortgage lending policies and practices that pose redlining risks in the Los Angeles MD, including at a minimum, risk that may arise from branch locations or assignment of loan officers to branch locations, types of loan products, and marketing;
- b. The adoption of written policies and procedures regarding the Bank's marketing, as well as the training and monitoring of its loan officers in marketing mortgage loan products, soliciting, and originating mortgage loans in the Los Angeles MD;
- c. Any changes to City National's formal process for ongoing statistical monitoring of mortgage underwriting, pricing, and redlining risk, including statistical peer analysis of applications and originations from majority-Black and Hispanic census tracts in the Los Angeles MD; and
- d. Any additional steps City National will take to promptly revise its mortgage lending policies and practices to ensure compliance with ECOA, Regulation B, and the FHA.

6. If the United States objects to any portion of City National's Fair Lending Status Report and Compliance Plan, City National will make revisions and resubmit its proposal within thirty days of receiving the objection. City National will begin implementation of its Fair Lending Status Report and Compliance Plan within thirty days of receiving the United States' non-objection or as soon as practicable in view of other regulatory considerations. Any material changes to City National's Fair Lending Status Report and Compliance Plan are subject to non-objection by the United States.

C. Fair Lending Training

7. Within sixty days of the Effective Date, City National will provide a copy of the Complaint and Consent Order in this matter to all employees with substantive involvement in mortgage lending, marketing, or fair lending or CRA compliance in the

and-confer request within sixty days of a submission by City National will be deemed a non-objection.

1 Los Angeles MD, or who have management responsibility over such employees; senior
2 management with fair lending and marketing oversight; and members of the Board of
3 Directors (collectively, “the Relevant Bank Staff and Officials”). City National will
4 implement a system for each individual to acknowledge that they received a copy of the
5 Complaint and Consent Order and had the opportunity to ask questions. City National
6 will provide a report that includes these acknowledgements to the United States, as well
7 as a list of all persons and their titles to whom this Consent Order was delivered within
8 seventy-five days of the Effective Date.

8 8. City National will provide training to the Relevant Bank Staff and Officials
9 on the Bank’s obligations under ECOA, Regulation B, and the FHA and City National’s
10 obligations under this Consent Order. The training will be conducted by an independent,
11 qualified third-party trainer selected by City National and subject to non-objection by the
12 United States. Within sixty days of the Effective Date, City National will submit the
13 qualifications of the third-party trainer to the United States for non-objection. Within
14 sixty days of receiving non-objection from the United States regarding the independent,
15 qualified third-party trainer, City National will submit the proposed training curriculum
16 to the United States for non-objection. Within sixty days of receiving non-objection from
17 the United States regarding the proposed training curriculum, City National will deliver
18 the training described in this paragraph. City National will implement a system for each
19 individual to acknowledge that they completed fair lending training and will provide a
20 report that includes these acknowledgements to the United States within forty-five days
21 after substantially all individuals have been trained.

21 9. City National will provide the training described in Paragraph 8 annually to
22 the Relevant Bank Staff and Officials. The training may be held virtually or in person.
23 City National will implement a system for each individual to acknowledge that they
24 completed fair lending training. City National will provide a report that includes these
25 acknowledgements to the United States within thirty days after it has delivered the
26 training. Any proposed changes to the third-party trainer or the training curriculum are
27 subject to non-objection by the United States.

1 10. Any individual who becomes a Relevant Bank Staff or Official will, within
2 thirty days of beginning the covered position, receive a copy of the Complaint and
3 Consent Order. Any individual who becomes a Relevant Bank Staff or Official will,
4 within sixty days of beginning the covered position, receive the training discussed in
5 Paragraph 8. City National will implement a system for each such individual to
6 acknowledge that he/she received a copy of the Complaint and Consent Order and that
7 he/she completed fair lending training. During the term of this Consent Order, City
8 National annually will provide a report to the United States that these acknowledgements
9 were obtained within thirty days from the date that a Relevant Bank Staff or Official
10 received the training.

11 11. City National will bear all costs associated with the trainings.

12 **D. Community Credit Needs Assessment**

13 12. City National will submit to the United States for non-objection a
14 Community Credit Needs Assessment for majority-Black and Hispanic census tracts
15 within its Los Angeles Lending Area. A Community Credit Needs Assessment is a
16 research-based market study to help a lender identify the needs for financial services in
17 an area. This assessment must include the following information about majority-Black
18 and Hispanic census tracts within the Los Angeles Lending Area: (1) an evaluation (to
19 include market research and interviews) of residential mortgage credit needs and current
20 lending opportunities available in the area; (2) recent demographic and socioeconomic
21 data; (3) potential strategies for City National to provide residential mortgage lending
22 services in these census tracts; (4) consideration of loan products offered by other
23 lenders; (5) an overview of federal, state, and local programs that are available to
24 residents seeking and obtaining residential mortgage loans; and (6) recommendations
25 that address how each requirement of this Consent Order should be carried out to best
26 achieve the remedial goals of this settlement.

27 13. The Community Credit Needs Assessment will be conducted by an
28 independent, qualified third-party consultant selected by City National and subject to
non-objection by the United States. Within sixty days of the Effective Date, City

1 National will submit the qualifications of the third-party consultant to the United States
2 for non-objection. Within thirty days of receiving non-objection from the United States
3 regarding the third-party consultant, City National must submit to the United States, for
4 non-objection, a statement of work from the independent third-party consultant
5 describing their methodology for the assessment. Within ninety days of receiving non-
6 objection from the United States regarding the statement of work, City National will
7 submit to the United States the Community Credit Needs Assessment described in
8 Paragraph 12. Nothing in this Consent Order requires City National to implement any
9 recommendations from the Community Credit Needs Assessment.

10 14. Once the United States has non-objection to the Community Credit Needs
11 Assessment, City National will present the Assessment to the City National committees
12 responsible for overseeing fair lending compliance.

13 15. Within one hundred twenty days of receiving non-objection from the United
14 States of the Community Credit Needs Assessment, City National will submit a remedial
15 plan that details, in light of the recommendations made in the Assessment, the actions
16 the Bank proposes to take to comply with the requirements of this Consent Order (e.g.,
17 physical expansion, loan subsidy, community partnerships, advertising, details of
18 categories of information to be included in quarterly Fair Lending Committee updates to
19 the Board of Directors and in compliance reports to the United States), including specific
20 timeframes and implementations of these actions. The proposals within the remedial plan
21 will be subject to non-objection by the United States.

22 **E. Community Lending Manager**

23 16. Within thirty days of the Effective Date, City National will designate a full-
24 time Community Lending Manager. The responsibilities of this Community Lending
25 Manager will include overseeing the development of the Bank's mortgage lending in
26 majority-Black and Hispanic census tracts in its Los Angeles Lending Area. The Bank
27 will maintain this position throughout the term of this Consent Order.

28 17. The Community Lending Manager will be a senior executive who reports to
an Executive Vice President of City National. The Community Lending Manager will

1 provide reports on at least a quarterly basis to the Bank’s Board of Directors, Chief
2 Executive Officer, and the Executive Director to whom the position reports, regarding
3 City National’s actions related to the following:

- 4 a. efforts to implement and administer its mortgage marketing strategy
5 to promote and enhance the Bank’s market visibility in majority-
6 Black and Hispanic neighborhoods in the Bank’s Los Angeles
7 Lending Area;
- 8 b. monitoring loan officers’ solicitation and origination of mortgage
9 loans in majority-Black and Hispanic census tracts in the Bank’s Los
10 Angeles Lending Area, including the loan subsidy fund described
11 herein;
- 12 c. involvement in community lending initiatives and outreach
13 programs;
- 14 d. encouraging and developing more mortgage lending within majority-
15 Black and Hispanic census tracts;
- 16 e. assisting other Bank divisions in promoting financial education;
- 17 f. involvement with financial counseling; and
- 18 g. building relationships with community groups.

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

21 18. Subject to required license requirements and regulatory approvals, including
22 by the Office of the Comptroller of the Currency, City National must establish a full-
23 service branch (“new branch”), either de novo, through acquisition or merger, or
24 otherwise, in a majority-Black and Hispanic census tract in the Los Angeles Lending Area.
25 The specific site of the new branch will be subject to non-objection by the United States.
26 The new branch must provide, at a minimum, the full range of mortgage products,
27 including loans qualifying for loan subsidy programs described in Paragraphs 22 through
28 27, and must maintain hours of operation consistent with City National’s other full-service
branches.

1 19. City National must make reasonable efforts to open the new branch within
2 twenty-four months of the Effective Date. If City National fails to open the new branch
3 within twenty-four months of the Effective Date, the Bank will provide to the United
4 States a written proposal describing how it will comply with Paragraph 18. City National
5 will maintain the new branch for the term of the Order.

6 20. City National will evaluate future opportunities for expansion within its Los
7 Angeles Lending Area, whether by merger or acquisition or opening new branches or loan
8 production offices (“LPOs”), in consideration of the goals of this Consent Order and the
9 Community Credit Needs Assessment. City National must notify the United States of any
10 plans to open or acquire any new branches or other LPOs within its Los Angeles Lending
11 Area as soon as it may obtain regulatory authority to do so.

12 21. As soon as practicable, but at least within twelve months of the Effective
13 Date, City National will assign no fewer than four full-time loan officers to solicit
14 mortgage applications primarily in majority-Black and Hispanic census tracts in the Los
15 Angeles Lending Area, and that these loan officers have the opportunity to earn
16 compensation similar to other loan officers for the work that they will perform in the
17 majority-Black and Hispanic census tracts. These employees will not be precluded from
18 also originating loans for applicants outside of majority-Black and Hispanic census tracts
19 in the Los Angeles Lending Area. Additionally, at least one of these loan officers will be
20 assigned coverage for each branch located within majority-Black and Hispanic census
21 tracts in the Los Angeles Lending Area.

22 **G. Loan Subsidy Program**

23 22. City National will invest a minimum of \$29,500,000 in a loan subsidy fund
24 with the goal of increasing credit for home mortgage loans, home improvement loans,
25 and home refinance loans extended in majority-Black and Hispanic neighborhoods in the
26 Los Angeles MD (“Loan Subsidy Program”).³ No more than thirty percent of the loan

27 ³ All monetary terms outlined in this Consent Order, including those in the Loan
28 Subsidy Program, Community Development Partnership Program, Advertising and
Community Outreach, and Consumer Financial Education provisions, as described in
(footnote cont'd on next page)

1 subsidy fund may be used for home refinances. The investment under the Loan Subsidy
2 Program will consist only of the cost of providing the subsidies to consumers described
3 in Paragraph 24 and not the cost of implementing the Loan Subsidy Program.

4 23. City National will subsidize home mortgage, home improvement, and/or
5 home refinance loans made to “qualified applicants” with funds from the Loan Subsidy
6 Fund. A “qualified applicant” is any applicant who (i) applies for a mortgage for a
7 residential property located in a majority-Black and Hispanic census tract in the Los
8 Angeles MD that will serve as the applicant’s primary residence, or (ii) is qualified to
9 participate in a Special Purpose Credit Program consistent with the goals of the Loan
10 Subsidy Program and subject to the non-objection of the United States. A qualified
11 applicant must in all cases be qualified for a residential mortgage loan under the
12 underwriting standards that City National applies to the loans it originates.

13 24. Loan subsidies under the Loan Subsidy Program must be provided
14 throughout the term of the Order as set forth in Section VI, so long as funds remain in the
15 Loan Subsidy Program, through any of the following means, or a combination thereof:

- 16 a. originating a loan for a home purchase or refinancing at an interest rate
17 below the otherwise prevailing market interest rate offered by City
18 National;
- 19 b. down payment assistance in the form of a direct grant;
- 20 c. closing cost assistance in the form of a direct grant;
- 21 d. payment of the initial mortgage insurance premium on loans subject to
22 such mortgage insurance; and
- 23 e. any other assistance measures consistent with the goals of this Section and
24 approved by the United States in writing.

25 25. City National will retain the discretion to offer more than one, or all, of the
26 forms of assistance in Paragraph 24 to qualified applicants on an individual basis as it

27 _____
28 this Section, are intended to remedy any harm resulting from the Bank’s practices, which
practices, as outlined in Section I of this Order, the United States alleges constitute
redlining.

1 deems appropriate subject to regulatory requirements. In any case, City National will
2 offer qualified applicants the choice of at least two such forms of assistance from which
3 they may select. City National must exercise this discretion in a manner that is consistent
4 with originating loans to qualified applicants with due reliance upon applicable
5 underwriting guidelines, and will have discretion to provide the loan subsidy among its
6 loan products. The combined forms of subsidies set forth in Paragraph 24, and made
7 through the Loan Subsidy Program, cannot exceed \$20,000 per qualified applicant unless
8 City National receives non-objection from the United States to increase that amount.

9 26. On an annual basis, upon its election, the Bank may evaluate the pace of
10 loan subsidy spend down. Insofar as the Bank believes that there may be additional
11 measures that could be taken to increase the number of subsidies granted, including but
12 not limited to changes to the definition of qualified applicant and/or the nature of
13 subsidies provided, the Bank may propose such measures to the United States and seek
14 non-objection. Non-objection will not be unreasonably withheld.

15 27. No provision of this Consent Order, including the Loan Subsidy Program,
16 requires City National to make a loan to a person who is not qualified for the loan based
17 upon lawful, nondiscriminatory terms; however, City National may choose to apply
18 more flexible underwriting standards in connection with its programs under this Consent
19 Order. The underwriting standards applied to residents of majority-Black and Hispanic
20 neighborhoods will be no less favorable than the underwriting standards applied to
21 residents in other tracts.

22 **H. Community Development Partnership Program**

23 28. City National will partner with one or more community-based or
24 governmental organizations that provide the residents of majority-Black and Hispanic
25 census tracts in the Los Angeles Lending Area with services related to credit, financial
26 education, homeownership, and foreclosure prevention. City National will develop these
27 partnerships in a manner consistent with achieving the goals of this Consent Order.
28 Through these partnerships, the Bank must spend a minimum of \$750,000 over the term
of this Consent Order on professional services to residents of majority-Black and

1 Hispanic census tracts in the Los Angeles Lending Area that increase access to residential
2 mortgage credit.

3 29. Within one hundred eighty days of the Effective Date, City National will
4 submit a proposal to the United States describing how it will implement the requirements
5 of Paragraph 28. The proposal will include an explanation of its proposed partner(s). The
6 proposal should also describe, to the extent available, City National's plans to implement
7 the partnership(s), as well as a description of how the partnership(s) will be used to meet
8 the credit needs identified in the Community Credit Needs Assessment. The proposal
9 will be subject to non-objection by the United States.

10 30. City National will evaluate the partnership(s) outlined in Paragraph 28
11 annually, including by considering the Community Credit Needs Assessment, in order to
12 identify any needed changes to the program or better assist residents of majority-Black
13 and Hispanic census tracts in the Los Angeles Lending Area in obtaining credit. City
14 National will present a summary of its evaluation and any proposed changes to the
15 United States as part of its annual reporting requirement under Paragraph 44. Any
16 proposed changes will be subject to non-objection by the United States.

17 **I. Advertising and Community Outreach**

18 31. City National will spend at least \$100,000 per year (\$500,000 over the term
19 of the Consent Order) on advertising and outreach in the Los Angeles Lending Area
20 described in this Section.

21 32. Within one hundred eighty days of the Effective Date, City National will
22 submit an Advertising, Outreach, and Education Plan ("Outreach Plan") to the United
23 States detailing how it will spend these funds to increase access to credit extended in
24 majority-Black and Hispanic census tracts in the Los Angeles Lending Area during the
25 term of this Consent Order. The Outreach Plan will include an explanation of why City
26 National selected certain approaches and community partnerships and, to the extent
27 available in advance of implementation, how City National's advertising, community
28 outreach, education, and credit counseling initiatives are intended to meet the credit
needs identified in the Community Credit Needs Assessment. The Outreach Plan will be

1 subject to non-objection by the United States. If the United States objects to any portion
2 of the Outreach Plan, City National will make revisions and resubmit its proposal within
3 thirty days of receiving the United States' objection. City National will begin
4 implementation of its Outreach Plan within thirty days of receiving non-objection from
5 the United States.

6 33. City National will evaluate the strategies outlined in its Outreach Plan
7 annually, including by considering the Community Credit Needs Assessment, in order to
8 identify any changes necessary to increase access to credit extended in majority-Black
9 and Hispanic census tracts in its Los Angeles Lending Area in obtaining credit. City
10 National will present a summary of its evaluation and any proposed changes to the
11 United States as part of its annual reporting requirement under Paragraph 44. Any
12 proposed changes will be subject to non-objection by the United States.

13 **i. Advertising**

14 34. City National will advertise its residential loan products, including products
15 for which the loan subsidy fund outlined in Section III.G will be applied, to generate
16 mortgage loan applications from qualified applicants. City National's advertising may
17 include print media, radio, digital advertising, television, direct mail, and any other
18 appropriate medium. These advertisements must include similar information to other
19 advertisements by City National. City National must advertise its mortgage lending
20 services and products to majority-Black and Hispanic census tracts in its Los Angeles
21 Lending Area at least to the same extent that it advertises its mortgage lending services
22 and products to majority-white census tracts in its Los Angeles Lending Area.

23 35. City National will create point-of-distribution materials, such as posters and
24 brochures advertising products and services, which are targeted toward increasing access
25 to credit extended in majority-Black and Hispanic census tracts. City National will place
26 or display these promotional materials in its branch offices in majority-Black and Hispanic
27 census tracts.

28 36. All of City National's print advertising and promotional materials referencing
residential mortgage loans will contain an equal housing opportunity logo, slogan, or

1 statement, to the extent required by law. All radio or television advertisements will include
2 an audible statement that City National is an “Equal Opportunity Lender” or “Equal
3 Housing Lender,” to the extent required by law.

4 **ii. Outreach**

5 37. City National will provide four outreach programs per year for entities
6 engaged in residential real estate-related business in majority-Black and Hispanic census
7 tracts to inform them of City National’s products and services and to develop business
8 relationships.

9 38. City National may underwrite or sponsor events in support of the majority-
10 Black and Hispanic census tracts in its Los Angeles Lending Area that are related to
11 building relationships within those areas and designed to generate applications for home
12 mortgage, home refinance and/or home improvement loans.

13 **J. Consumer Financial Education**

14 39. City National will spend a minimum of \$100,000 per year (\$500,000 over
15 the term of the Order) on a consumer financial education program designed to provide
16 information, training, and counseling services about consumer financial to residents of
17 these areas.

18 40. City National will sponsor a minimum of eight financial education events
19 per year offered by organizations engaged in fair lending work, or through City
20 National’s own financial education programs.⁴ These financial education events shall be
21 marketed towards increasing access to credit extended in majority-Black and Hispanic
22 census tracts in City National’s lending area, and held in locations intended to be
23 convenient to residents of those census tracts. City National may conduct the financial
24 education events by hosting in-person events or by hosting virtual events. City National
25 may develop and provide the consumer education seminars described in this paragraph

26
27 ⁴ Salaries or other compensation for participating Bank personnel shall not be
28 counted towards the amount spent on these programs.

1 in conjunction with the organization(s) that City National partners with as described in
2 Section H.

3 41. City National will propose in the remedial plan how it will implement the
4 requirements of Paragraphs 39-40. This proposal will be subject to the Non-objection of
5 the United States.

6 **IV. EVALUATING AND MONITORING COMPLIANCE**

7 42. City National will retain records related to compliance with its obligations
8 under this Consent Order during the term of this Consent Order. The United States has
9 the right to review and copy these records upon request, with at least thirty days advance
10 notice provided.

11 43. Every year during the term of this Consent Order, within thirty days of its
12 submission of data to the Federal Financial Institutions Examination Council (“FFIEC”)
13 in accordance with the Home Mortgage Disclosure Act of 1975, 12 U.S.C. §§ 2801–
14 2811, City National will provide this data to the United States in the same format,
15 including the record layout.

16 44. Beginning twelve months after the Effective Date, City National will submit
17 Annual Reports to the United States on its progress in complying with the terms of this
18 Consent Order and associated plans and programs. The final report will be delivered to
19 the United States at least ninety days prior to the expiration of this Consent Order. The
20 reports will provide a complete account of City National’s actions to comply with this
21 Consent Order, City National’s assessment of the extent to which each obligation was
22 met, an explanation of why City National fell short of meeting its goals for any particular
23 component, and recommendations for additional actions to achieve the goals set forth in
24 this Consent Order and associated plans and programs. The reports will include
25 information about the execution of the Loan Subsidy Program. Specific details regarding
26 the reporting on the Loan Subsidy Program will be set forth in the remedial plan
27 described in Paragraph 15. City National’s Fair Lending Oversight Committee will
28 review and approve the reports prior to submission to the United States. If the United
States raises any objections to a report, the Parties will have thirty days to confer and

1 resolve their differences. The Parties may mutually agree to additional time to confer, if
2 necessary. If the Parties are unable to resolve their differences, either party may bring the
3 dispute to the Court for resolution.

4 45. Unless otherwise advised, in writing, by City National, all material required
5 of the United States by this Order will be sent by email to the recipients below at the
6 identified email addresses and contemporaneously by overnight delivery service or first-
7 class mail to the recipient below at the identified address. Such material includes
8 notification of Non-objection as contemplated, herein, in this Consent Order.

9 Jonice Gray Tucker
10 Partner
11 Paul Hastings LLP
12 2050 M Street NW
13 Washington, DC 20036
jonicegraytucker@paulhastings.com

14 Michael Speaker
15 City National Bank – Legal Department
16 555 South Flower Street, 18th Fl.
17 Los Angeles, CA 90071
michael.speaker@cnb.com

18
19 46. Unless otherwise advised in writing by the United States, all material
20 required by this Consent Order will be sent to the United States by overnight delivery
21 service or first-class mail and contemporaneously by email to the Department of Justice
22 attorney(s) assigned to this matter at the identified addresses:

23 Chief, Housing and Civil Enforcement Section
24 Civil Rights Division
25 U.S. Department of Justice
26 150 M Street NE, 8th Floor
27 Washington, DC 20002
28 Attn: DJ# 188-12C-47

1 Attn: Sara L. Niles

2 Sara.Niles@usdoj.gov

3 Attn: Kinara A. Flagg

4 Kinara.Flagg@usdoj.gov

5 Chief, Civil Rights Section

6 Civil Division

7 U.S. Attorney's Office, Central District of California

8 300 North Los Angeles Street, Rm. 7516

9 Los Angeles, CA 90012

10 Attn: USAO2021V01002

11 Attn: Katherine Hikida

12 Katherine.Hikida@usdoj.gov

13
14 **V. ROLE OF THE FAIR LENDING OVERSIGHT COMMITTEE**

15 47. City National must establish a Fair Lending Oversight Committee (“the
16 Committee”) that is responsible for monitoring the Bank’s fair lending risks. The
17 Committee shall review the policies and procedures related to the management of fair
18 lending risks, facilitate communication between management and the Board of Directors,
19 and report regularly to the Board of Directors.

20 48. The Committee will review all submissions (including plans, reports,
21 programs, policies, and procedures) required by this Consent Order prior to submission to
22 the United States.

23 49. Until the termination of this Consent Order, the Committee will be
24 responsible for monitoring and coordinating the Bank’s adherence to the provisions of this
25 Consent Order.

26 50. The Committee will provide quarterly updates to the Board of Directors of
27 the Bank on the steps the Bank has taken and plans to take to comply with this Consent
28 Order, which update will be attached to each annual report to the United States required

1 by this Consent Order. Specific details regarding the categories of information to be
2 included in these quarterly updates to the Board will be set forth in the remedial plan
3 described in Paragraph 15. The applicable quarterly updates will be attached to each
4 Annual Report required by Paragraph 44.

5 VI. ADMINISTRATION

6 51. The requirements of this Consent Order will remain in effect for five years,
7 except as provided in Paragraphs 52 and 53.

8 52. If, within five years of the Effective Date, City National has not invested all
9 money in the loan subsidy fund described in Section III.G, this Consent Order will
10 remain in full effect and shall terminate three months after the submission of City
11 National's final report to the United States that demonstrates the fulfillment of that
12 obligation. It shall only be extended further upon motion of the United States to the
13 Court, for good cause shown.

14 53. If, at any time after three years from the Effective Date, the Bank has
15 invested all money in the Loan Subsidy Program and satisfied their other financial
16 obligations under the Order (set forth in Paragraphs 28, 31, and 39), the United States
17 will agree to the Order terminating three months after the Bank has provided the United
18 States with documentation evidencing that it has satisfied the financial obligations under
19 this Order.

20 54. Any time limits for performance may be extended by mutual written
21 agreement of the Parties. Other material modifications may be made only upon approval
22 of the Court, by motion by any party. If there are changes in material factual
23 circumstances, the Parties will work cooperatively to discuss and attempt to agree to
24 proposed modifications to this Consent Order.

25 55. If disputes arise about the interpretation of, or compliance with, this
26 Consent Order, the Parties will endeavor in good faith to resolve any dispute before
27 bringing it to the Court for resolution. If City National is in material non-compliance
28 with any provision of this Consent Order or fails to perform an act required by this

1 Consent Order, the United States may move the Court to impose any remedy authorized
2 by law or equity, including attorneys' fees and costs.

3 56. Nothing in this Consent Order excuses City National's compliance with any
4 currently or subsequently effective provision of law or order of a regulator.

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

13 58. City National will maintain all documents and records necessary to
14 demonstrate full compliance with this Consent Order, including all submissions made to
15 the United States, until the requirements of Paragraphs 51 through 53 are fulfilled.

16 59. Within ten days of the Effective Date, City National will:

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

22 60. City National will report any change in the information required to be
23 submitted under Paragraph 57 as soon as practicable, but in any case, at least thirty days
24 before the change.

25 61. This Order is binding on City National, including all of its officers, agents,
26 servants, and employees who have actual notice of this Consent Order. If City National
27 seeks to transfer or assign all or part of its operations to a successor or assign that intends
28 to carry on the same or similar business, City National will obtain the written agreement
of the successor or assign to obligations under this Consent Order as a condition of sale,

1 merger, or other transfer.

2 62. The Parties agree that litigation is not reasonably foreseeable. If any party
3 implemented a litigation hold to preserve information, the party is no longer required to
4 maintain it. Nothing in this paragraph relieves either party of any other obligations
5 imposed by this Consent Order.

6 63. City National's compliance with the terms of the Order shall fully and
7 finally resolve all claims of the United States alleging that City National violated the
8 FHA and ECOA, including claims for injunctive and equitable relief, monetary damages,
9 and civil penalties. The Order does not release claims for practices not described in
10 Section I of this Order, including claims that may be held or are currently under
11 investigation by any federal agency, or any claims that may be pursued or actions that
12 may be taken by any executive agency established by 12 U.S.C. § 5491, or the
13 appropriate Federal Banking Agency, as defined in 12 U.S.C. § 1813(q), against the
14 Bank, any of its affiliated entities, or any institution-affiliated party of it, as defined in 12
15 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.

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

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

20
21 IT IS SO ORDERED this ____ day of _____, 2023.

22
23 _____
24 UNITED STATES DISTRICT JUDGE
25
26
27
28

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

2 For the United States of America:

3
4 Dated: January 10, 2023

5
6 MERRICK B. GARLAND
7 Attorney General

8 E. MARTIN ESTRADA
9 United States Attorney
10 Central District of California

KRISTEN CLARKE
Assistant Attorney General
Civil Rights Division

11 DAVID M. HARRIS
12 Assistant United States Attorney
13 Chief, Civil Division

SAMEENA SHINA MAJEED
Chief, Housing and Civil
Enforcement Section

14 RICHARD M. PARK
15 Assistant United States Attorney
16 Chief, Civil Rights Section, Civil Division

JON M. SEWARD
Principal Deputy Chief, Housing and Civil
Enforcement Section

17 /s/ Katherine M. Hikida
18 KATHERINE M. HIKIDA
19 Assistant United States Attorney
20 Civil Rights Section, Civil Division

/s/ Sara L. Niles
SARA L. NILES
/s/ Kinara A. Flagg
KINARA A. FLAGG
Trial Attorneys
United States Department of Justice
Civil Rights Division
Housing and Civil Enforcement Section

Attorneys for the United States of America

1 For City National Bank:

2
3 Dated: January 10, 2023

4
5 PAUL HASTINGS LLP

6
7 /s/ Jonice Gray Tucker
8 JONICE GRAY TUCKER
9 Partner
10 Paul Hastings LLP

11 /s/ Jessica M. Shannon
12 JESSICA M. SHANNON
13 Associate
14 Paul Hastings LLP

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28 *Attorneys for City National Bank*