

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK



13 Civ. 1467

**STIPULATION AND ORDER OF
SETTLEMENT AND DISMISSAL**

UNITED STATES OF AMERICA,	:
	:
Plaintiff,	:
	:
v.	:
	:
HSBC BANK USA, N.A., HSBC FINANCE	:
CORPORATION, HSBC MORTGAGE	:
CORPORATION (USA), HSBC MORTGAGE	:
SERVICES, INC., and JOHN	:
DOE LOAN SERVICING COMPANIES 1-20,	:
	:
Defendants.	:

-----X

WHEREAS, this Stipulation and Order of Settlement and Dismissal (“Stipulation”) is entered into by and among plaintiff the United States of America, by its attorney, Preet Bharara, United States Attorney for the Southern District of New York, and on behalf of the United States Department of Housing and Urban Development (“HUD”) and the Federal Housing Administration (“FHA”), (collectively, the “United States” or “Government”); [REDACTED] (“Relator”), by his authorized representatives; and HSBC Bank USA, N.A. (“HBUS”), HSBC

Finance Corporation (“HBIO”), HSBC Mortgage Corporation (USA) (“HMCU”), and HSBC Mortgage Services, Inc. (“HMSI”) (collectively, “HSBC”), by their authorized representatives;

WHEREAS, HSBC is a residential mortgage loan “servicer,” meaning that it performs or oversees the performance of certain administrative activities in connection with residential mortgage loans, including pursuing foreclosure when mortgagors become delinquent on mortgage payments;

WHEREAS, pursuant to the National Housing Act of 1934, FHA offers mortgage insurance programs whereby it insures lenders against losses on mortgage loans, including expenses related to mortgage servicing, and specifically, expenses incurred in foreclosure proceedings;

WHEREAS, since at least January 1, 2002, HSBC has been an approved servicer of FHA-insured loans, and in that capacity, has routinely submitted foreclosure-related fees and expenses to FHA for reimbursement;

WHEREAS, the Federal National Mortgage Association (“Fannie Mae”) is a U.S. government-sponsored enterprise that purchases residential mortgages and invests in residential mortgage-backed securities;

WHEREAS, the Federal Home Loan Mortgage Corporation (“Freddie Mac”) is a U.S. government-sponsored enterprise that purchases residential mortgages and invests in residential mortgage-backed securities;

WHEREAS, the Federal Housing Finance Agency (“FHFA”) is a federal agency created on July 30, 2008, pursuant to the Housing and Economic Recovery Act of 2008 (“HERA”), Pub. L. No. 110-289, 122 Stat. 2654 (2009) (codified at 12 U.S.C. § 4617), to oversee Fannie Mae

and Freddie Mac, and which was appointed as conservator of Fannie Mae and Freddie Mac on September 6, 2008;

WHEREAS, Fannie Mae contracts with lenders to service mortgages held or securitized by Fannie Mae, and those lenders are entitled to submit claims to Fannie Mae for reimbursement of servicing-related costs, including costs related to foreclosure;

WHEREAS, since at least July 30, 2008, HSBC has been an approved servicer of loans held by Fannie Mae, and in that capacity, has routinely submitted foreclosure-related fees and expenses to Fannie Mae for reimbursement;

WHEREAS, HSBC's submissions of foreclosure-related fees and expenses to FHA and Fannie Mae consist primarily of fees and expenses incurred by outside counsel and other third-party providers handling foreclosure-related services at the request of HSBC;

WHEREAS, as set forth in the Relator's *qui tam* complaint (the "Complaint"), the Relator and/or the Government allege that during the period January 1, 2002, through the date of the signing of this Stipulation ("Covered Period"), HSBC: (a) submitted for reimbursement to FHA, Fannie Mae and Freddie Mac foreclosure-related fees and expenses incurred by outside counsel and other third-party providers that were falsely and fraudulently inflated; (b) failed to maintain an adequate quality control program to ensure that such falsely and fraudulently inflated expenses were not submitted to FHA, Fannie Mae and Freddie Mac; (c) falsely certified to FHA that it maintained a quality control program that met all of FHA's requirements, when in fact it had no quality control program or its quality control program did not meet all FHA requirements; and (d) knowingly failed to adhere to Fannie Mae's and Freddie Mac's requirements regarding maintaining adequate audit and control systems (collectively, "Covered Conduct");

WHEREAS, the Parties have reached a mutually-agreeable resolution addressing HSBC's conduct through this Stipulation;

NOW, THEREFORE, upon the Parties' agreement, IT IS HEREBY ORDERED that:

TERMS AND CONDITIONS

1. The Court's subject matter jurisdiction over this action is undisputed and HSBC consents to the Court's exercise of personal jurisdiction over HSBC.
2. HSBC admits, acknowledges, and accepts responsibility for the following conduct alleged in the Complaint:
 - (a) Since at least January 1, 2002, HBUS and/or HMCU have been approved servicers of FHA-insured loans, and in that capacity, have routinely submitted foreclosure-related fees and expenses to FHA for reimbursement.
 - (b) At times since January 1, 2002, HMSI was, but no longer is, an approved servicer of FHA-insured loans, and in that capacity, it submitted foreclosure-related fees and expenses to FHA for reimbursement.
 - (c) Since at least July 30, 2008, HBUS and/or HMCU have been approved servicers of loans held by Fannie Mae, and in that capacity, have routinely submitted foreclosure-related fees and expenses to Fannie Mae for reimbursement.
 - (d) At times since July 30, 2008, HMSI was, but no longer is, an approved servicer of loans held by Fannie Mae, and in that capacity, it submitted foreclosure-related fees and expenses to Fannie Mae for reimbursement;
 - (e) As an FHA-approved loan servicer during the Covered Period, HSBC was and is required to comply with all requirements in all HUD-FHA handbooks, regulations, and policies related to loan servicing.

(f) In order to obtain and maintain FHA approval to service FHA-insured loans, HSBC was required to submit, and did submit, an annual certification stating, among other things, that it agreed to adhere to all HUD-FHA handbooks, regulations and policies.

(g) HUD Handbook 4060.1, § 7-10, requires all mortgage servicers to create and maintain a quality control program that reviews all aspects of their service operations as they relate to FHA-insured mortgages, specifically including “fees and charges” incurred in connection therewith.

(h) Notwithstanding the HUD handbook requirements and HSBC’s annual certifications to FHA, prior to 2011, HSBC failed to create or maintain an adequate FHA quality control program to review the fees and charges submitted by outside counsel and other third-party providers to HSBC, which HSBC then submitted to FHA for reimbursement.

(i) Because, prior to 2011, HSBC lacked an adequate quality control program to oversee the fees and charges charged by outside counsel and other third party providers handling foreclosure-related services for FHA-insured mortgages, it failed to sufficiently oversee these fees and charges, despite certifying to FHA that it had done so.

(j) As part of its obligations as a loan servicer for Fannie Mae, HSBC was required to create and implement audit and control systems to ensure compliance with Fannie Mae’s requirements.

(k) Specifically, as a servicer of Fannie Mae loans, HSBC was and is required to ensure that all costs submitted to Fannie Mae for reimbursement are

“reasonable,” “customary” and “necessary,” as stated in the Fannie Mae Servicing Guide, Part VIII, §§ 106.03 and 110.03.

(l) Between May 1, 2009 and December 31, 2010, however, HSBC failed to create or maintain Fannie Mae audit and control systems sufficient to ensure that the fees and expenses submitted by outside counsel and other third-party providers to HSBC, which HSBC then submitted to Fannie Mae for reimbursement, were reasonable, customary, or necessary.

(m) Because, between May 1, 2009 and December 31, 2010, it lacked sufficient audit and control systems to oversee the fees and expenses charged by outside counsel and other third party providers handling foreclosure-related services for HSBC as to Fannie Mae mortgages, HSBC failed to sufficiently oversee these fees and expenses, despite being required by Fannie Mae to do so.

(n) FHA and Fannie Mae incurred losses as a result of HSBC’s failure to prevent inflated foreclosure-related fees and expenses from being submitted to FHA and Fannie Mae for reimbursement

3. HSBC shall comply with all rules applicable to servicers of mortgage loans insured by FHA, or held or securitized by Fannie Mae or Freddie Mac, including but not limited to all requirements in HUD Handbook 4060.1, all requirements in the Fannie Mae Servicing Guide, the Freddie Mac Single-Family Seller/Servicer Guide, and all rules, requirements or guidelines subsequently published or released by FHA, Fannie Mae, and/or Freddie Mac regarding implementation and maintenance of quality control programs, oversight of outside counsel and other third-party vendors, and submissions of fees and expenses for reimbursement by FHA, Fannie Mae or Freddie Mac.

4. HSBC shall pay \$10 million (the “Settlement Amount”) to the Government within thirty calendar days of the Effective Date.

5. Payment of the Settlement Amount shall be made at <https://www.pay.gov> to the U.S. Department of Justice account in accordance with written instructions to be provided within ten calendar days of the Effective Date by the Financial Litigation Unit of the United States Attorney’s Office for the Southern District of New York.

6. Subject to the exceptions in Paragraph 9 below, conditioned upon HSBC’s full compliance with the terms of this Stipulation, and subject to Paragraph 17 below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date or the date of any payment made under this Stipulation), the Government, on behalf of its officers, agencies and departments (including HUD and the FHA), releases HSBC and all of its current and former officers, directors, employees, parents, subsidiaries, affiliates, and assigns (“Released Parties”) from any civil or administrative monetary claim that the United States has for the Covered Conduct under the False Claims Act (“FCA”), 31 U.S.C. § 3729 *et seq.*; the Financial Institutions Reform, Recovery, and Enforcement Act (“FIRREA”), 12 U.S.C. § 1833a; the Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a; the Program Fraud Civil Remedies Act, 31 U.S.C. § 3801 *et seq.*; and common law theories of negligence, gross negligence, payment by mistake, unjust enrichment, indemnification, fraud, money had and received, misrepresentation, deceit, mistake of fact, and breach of fiduciary duty, and aiding and abetting any of the foregoing.

7. Subject to HSBC’s full compliance with the terms of this Stipulation, Relator, for himself and for his heirs, successors, and assigns, releases the Released Parties from any and all claims Relator has asserted, or could have asserted, or may assert in the future for the conduct alleged in the Complaint, including without limitation any claims that Relator has on behalf of

the Government for the conduct alleged in the Complaint; provided, however, that nothing in this Stipulation shall preclude Relator from seeking to recover attorneys' fees and costs from HSBC, pursuant to 31 U.S.C. § 3730(d).

8. HSBC releases the United States, its agencies, officers, agents, employees, and servants, as well as Relator, his heirs, successors, attorneys, agents, and assigns, from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that HSBC has asserted, could have asserted, or may assert in the future, against the United States, its agencies, officers, agents, employees, and servants, as well as Relator, his heirs, successors, attorneys, agents, and assigns, related to the Covered Conduct and the United States' investigation and prosecution thereof.

9. Notwithstanding the release given in Paragraph 6 above, or any other term of this Stipulation, the following claims of the United States are specifically reserved and are not released:

(a) Any liability arising under Title 26 of the United States Code (Internal Revenue Code);

(b) Any criminal liability;

(c) Except as explicitly stated in this Agreement, including Paragraph 6 above, any administrative liability, including the suspension and debarment rights of any federal agency;

(d) Any liability, including for the Covered Conduct, to Fannie Mae, Freddie Mac or the FHFA on behalf of Fannie Mae or Freddie Mac in its role as conservator;

(e) Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct, or for any conduct occurring outside the Covered Period; and

(f) Any liability based upon obligations created by this Stipulation.

10. Notwithstanding any other term of this Stipulation, any liability to the United States for the claims and conduct alleged in *United States, et al., ex rel. Szymoniak, v. American Home Mortgage Servicing, Inc., et al.*, Civil No. 0:10-cv-01465-JFA (D.S.C.) and *United States et al., ex rel. Szymoniak v. Ace Securities Corp., et al.*, Civil No. 13-CV-464-JFA (D.S.C.) are specifically reserved and are not released, and no setoff related to amounts paid under this agreement shall be applied to any recovery in connection with either of these actions.

11. HSBC shall be in default of this Stipulation if it fails to pay the Settlement Amount as set forth in Paragraph 4 above or to comply materially with any of its other obligations under this Stipulation ("Default"). The Government shall provide written notice to HSBC of any Default, to be sent in the manner set forth in Paragraph 25 below. HSBC shall then have an opportunity to cure the Default within seven business days from the date of receipt of the notice of Default. In the event that a Default is not fully cured within seven business days of the receipt of the notice of Default ("Uncured Default"), the full Settlement Amount shall be immediately due and payable, and interest shall accrue at the rate of nine percent per annum compounded annually on the remaining unpaid principal balance, beginning seven business days after mailing of the notice of Default. In the event of HSBC's failure to pay the Settlement Amount as set forth in Paragraph 4 above, HSBC agrees to the entry of a consent judgment in the form attached hereto as Exhibit A. In the event of an Uncured Default, HSBC further agrees that the United States, at its option, may (a) rescind this Stipulation and reinstate the Complaint; (b) seek specific performance of this Stipulation; (c) offset the remaining unpaid balance of the Settlement Amount from any amounts due and owing HSBC by any department, agency, or agent of the United States; or (d) exercise any other rights granted by law, or under the terms of

this Stipulation, or recognizable at common law or in equity. HSBC shall not contest any offset imposed or any collection undertaken by the Government pursuant to this Paragraph, either administratively or in any court. In addition, HSBC shall pay the Government all reasonable costs of collection and enforcement under this Paragraph, including attorneys' fees and expenses. In the event that the United States opts to rescind this Stipulation pursuant to this Paragraph, HSBC shall not plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any civil or administrative claims that relate to the Covered Conduct, except to the extent such defenses were available on the Effective Date.

12. Relator and his heirs, successors, attorneys, agents, and assigns shall not object to this Stipulation, and agree and confirm that this Stipulation is fair, adequate, and reasonable, pursuant to 31 U.S.C. § 3730(c)(2)(B). Subject to any claims that Relator may have under 31 U.S.C. § 3730(d) for a share of the Settlement Amount, which Relator is not releasing, Relator, for himself individually, and for his heirs, successors, attorneys, agents, and assigns, releases, waives, and forever discharges the United States, its agencies, officers, agents, employees, and servants from any claims, known or unknown, arising from the filing of the Complaint and from any claims under 31 U.S.C. § 3730.

13. HSBC waives and shall not assert any defenses it may have to any criminal prosecution relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause of the Fifth Amendment of the Constitution or under the Excessive Fines Clause of the Eighth Amendment of the Constitution, this Stipulation bars a remedy sought in such criminal prosecution. Nothing in this Paragraph or any other provision of this Stipulation constitutes an agreement by the United States concerning the

characterization of the Settlement Amount for purposes of the Internal Revenue laws, Title 26 of the United States Code.

14. HSBC agrees to the following:

(a) **Unallowable Costs Defined:** All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47) incurred by or on behalf of HSBC, and its present or former officers, directors, employees, shareholders, and agents in connection with:

- (1) the matters covered by this Stipulation;
- (2) the United States' audit(s) and civil investigation(s) of the matters covered by this Stipulation;
- (3) HSBC's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and investigation(s) in connection with the matters covered by this Stipulation (including attorneys' fees);
- (4) the negotiation and performance of this Stipulation; and
- (5) the payment HSBC makes to the United States pursuant to this Stipulation

are unallowable costs for government contracting purposes (hereinafter referred to as Unallowable Costs).

(b) **Future Treatment of Unallowable Costs:** Unallowable Costs will be separately determined and accounted for by HSBC, and HSBC shall not charge such Unallowable Costs directly or indirectly to any contract with the United States.

(c) **Treatment of Unallowable Costs Previously Submitted for Payment:** Within 90 calendar days of the Effective Date of this Stipulation, HSBC shall identify

and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by HSBC or any of its subsidiaries or affiliates from the United States. HSBC agrees that the United States, at a minimum, shall be entitled to recoup from HSBC any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted requests for payment. The United States, including the Department of Justice and/or the affected agencies, reserves its rights to audit, examine, or re-examine HSBC's books and records and to disagree with any calculations submitted by HSBC or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by HSBC, or the effect of any such Unallowable Costs on the amount of such payments.

15. Except as expressly provided in this Stipulation, this Stipulation is intended to be for the benefit of the Parties only. The Parties are not releasing any claims against any other person or entity except as expressly provided in this Stipulation.

16. HSBC represents and warrants that it has reviewed its financial situation, that it is currently not insolvent as such term is defined in 11 U.S.C. § 101(32) and that it reasonably believes that it shall remain solvent following payment to the Government of the Settlement Amount. Further, the Parties warrant that, in evaluating whether to execute this Stipulation, they (a) have intended that the mutual promises, covenants, and obligations set forth constitute a contemporaneous exchange for new value given to HSBC, within the meaning of 11 U.S.C. § 547(c)(1); and (b) have concluded that these mutual promises, covenants, and obligations do, in fact, constitute such a contemporaneous exchange. Further, the Parties warrant that the mutual promises, covenants, and obligations set forth herein are intended to and do, in fact, represent a

reasonably equivalent exchange of value that is not intended to hinder, delay, or defraud any entity to which HSBC was or became indebted to on or after the date of this Stipulation, within the meaning of 11 U.S.C. § 548(a)(1).

17. If within 91 days of the Effective Date of this Stipulation or any payment made under this Stipulation, HSBC commences any case, action, or other proceeding under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors or a third party commences any case, action, or other proceeding under any law related to bankruptcy, insolvency, reorganization, or relief of debtors (a) seeking an order for relief of HSBC's debts, or seeking to adjudicate HSBC as bankrupt or insolvent; or (b) seeking appointment of a receiver, trustee, custodian, or other similar official for HSBC or for all or part of HSBC's assets, HSBC agrees as follows:

(a) HSBC's obligations under this Stipulation may not be avoided pursuant to 11 U.S.C. § 547, and HSBC shall not argue or otherwise take the position in any such case, action, or proceeding that (i) HSBC's obligations under this Stipulation may be avoided under 11 U.S.C. § 547; (ii) HSBC was insolvent at the time this Stipulation was entered into; or (iii) the mutual promises, covenants, and obligations set forth in this Stipulation do not constitute a contemporaneous exchange for new value given to HSBC.

(b) If any of HSBC's obligations under this Stipulation are avoided for any reason, including, but not limited to, through the exercise of a trustee's avoidance powers under the Bankruptcy Code, the Government, at its option, may rescind the release in this Stipulation and bring any civil and/or administrative claim, action, or proceeding against HSBC for the claims that would otherwise be covered by the release in Paragraph 7 above. HSBC agrees that (i) any such claim, action, or proceeding brought by the

Government would not be subject to an “automatic stay” pursuant to 11 U.S.C. § 362(a) as a result of the case, action, or proceeding described in the first sentence of this Paragraph, and HSBC shall not argue or otherwise contend that the Government’s claim, action, or proceeding is subject to an automatic stay; (ii) HSBC shall not plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any claim, action, or proceeding that is brought by the Government within 60 calendar days of written notification to HSBC that the release has been rescinded pursuant to this Paragraph, except to the extent such defenses were available on the Effective Date; and (iii) the Government has a valid claim against HSBC in the amount of \$10 million and the Government may pursue its claim in the case, action, or proceeding described in the first sentence of this Paragraph, as well as in any other case, action, or proceeding.

(c) HSBC acknowledges that its agreements in this Paragraph are provided in exchange for valuable consideration provided in this Stipulation.

18. Each Party shall bear its own and its employees’ legal and other costs incurred in connection with this matter, including the preparation and performance of this Stipulation.

19. Any failure by the Government to insist upon the strict performance of any of the provisions of this Stipulation shall not be deemed a waiver of any of the provisions hereof, and the Government, notwithstanding that failure, shall have the right thereafter to insist upon strict performance of any and all of the provisions of this Stipulation.

20. This Stipulation is governed by the laws of the United States. The exclusive jurisdiction and venue for any dispute relating to this Stipulation is the United States District Court for the Southern District of New York. For purposes of construing this Stipulation, this

Stipulation shall be deemed to have been drafted by all Parties to this Stipulation and shall not, therefore, be construed against any Party in any subsequent dispute.

21. Subject to the exceptions set forth in this Stipulation, and in consideration of the obligations of HSBC set forth in this Stipulation, and conditioned upon HSBC's full compliance with the terms of this Stipulation, the Government shall dismiss with prejudice the Complaint as to the Released Parties, and, subject to Relator's right to seek attorneys' fees and costs from HSBC pursuant to 31 U.S.C. § 3730(d) and a share of the Settlement Amount from the Government pursuant to 31 U.S.C. § 3730(d), Relator shall dismiss with prejudice the Complaint as to the Released Parties; provided, however, that the Court shall retain jurisdiction over this Stipulation and each Party to enforce the obligations of each Party under this Stipulation, as well as to resolve any dispute concerning any claim Relator may assert for attorneys' fees and costs pursuant to 31 U.S.C. § 3730(d), or a share of the Settlement Amount pursuant to 31 U.S.C. § 3730(d). Relator shall submit any application for attorneys' fees and costs pursuant to 31 U.S.C. § 3730(d) within two weeks of the date he either reaches agreement with the Government on the issue of appropriate share of the Settlement Amount or the Court issues a decision on that issue.

22. Except to the extent otherwise explicitly stated in writing, this Stipulation constitutes the complete agreement between the Parties. This Stipulation may not be amended except by written consent of the Parties.

23. The undersigned counsel represent and warrant that they are fully authorized to execute this Stipulation on behalf of the persons and entities indicated below.

24. This Stipulation may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Stipulation. Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Stipulation.

25. Any notices pursuant to this Stipulation shall be in writing and shall be delivered by hand, express courier, or facsimile transmission followed by postage-prepaid certified mail, and shall be addressed as follows:

IF TO THE UNITED STATES:

Cristine Irvin Phillips
Andrew E. Krause
Assistant United States Attorneys
United States Attorney's Office
Southern District of New York
86 Chambers Street, Third Floor
New York, New York 10007
Facsimile: (212) 637-2702

IF TO HSBC:

Robert Maddox
Brad Robertson
Bradley Arant Boult Cummings LLP
1819 Fifth Avenue North
Birmingham, AL 35203
Facsimile: (205) 521-8800

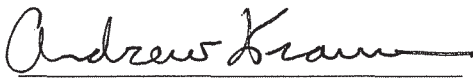
26. The effective date of this Stipulation is the date upon which this Stipulation is entered by the Court (the "Effective Date").

Agreed to by:

THE UNITED STATES OF AMERICA

Dated: New York, New York
~~May~~ 3, 2014
June

PREET BHARARA
United States Attorney for the
Southern District of New York

By: 

Cristine Irvin Phillips
Andrew E. Krause
Assistant United States Attorneys
86 Chambers Street, Third Floor
New York, New York 10007
Telephone: (212) 637-2696/2769
Facsimile: (212) 637-2702

Attorney for the United States of America

HSBC BANK USA, N.A., HSBC FINANCE CORPORATION, HSBC MORTGAGE CORPORATION (USA), and HSBC MORTGAGE SERVICES, INC.

Dated: Birmingham, Alabama
May __, 2014

By: Robert Maddox
Robert Maddox
Brad Robertson
Bradley Arant Boult Cummings LLP
1819 Fifth Avenue North
Birmingham, AL 35203
Telephone: (205) 521-8000
Facsimile: (205) 521-8800

Attorneys for HSBC Bank USA, N.A., HSBC Finance Corporation, HSBC Mortgage Corporation (USA), and HSBC Mortgage Services, Inc.

Dated: New York, New York
May __, 2014

By: _____
Title: _____

HSBC Bank USA, N.A.

Dated: New York, New York
May __, 2014

By: _____
Title: _____

HSBC Finance Corporation

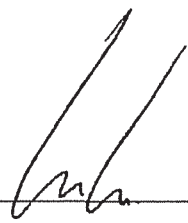
HSBC BANK USA, N.A., HSBC FINANCE CORPORATION, HSBC MORTGAGE CORPORATION (USA), and HSBC MORTGAGE SERVICES, INC.

Dated: Birmingham, Alabama
May __, 2014

By: _____
Robert Maddox
Brad Robertson
Bradley Arant Boult Cummings LLP
1819 Fifth Avenue North
Birmingham, AL 35203
Telephone: (205) 521-8000
Facsimile: (205) 521-8800

Attorneys for HSBC Bank USA, N.A., HSBC Finance Corporation, HSBC Mortgage Corporation (USA), and HSBC Mortgage Services, Inc.

Dated: New York, New York
May 29, 2014

By:  _____
Title: Semir Executive Vice President

HSBC Bank USA, N.A.

Dated: New York, New York
May __, 2014

By: _____
Title: _____

HSBC Finance Corporation

HSBC BANK USA, N.A., HSBC FINANCE CORPORATION, HSBC MORTGAGE CORPORATION (USA), and HSBC MORTGAGE SERVICES, INC.

Dated: Birmingham, Alabama
May __, 2014

By: _____
Robert Maddox
Brad Robertson
Bradley Arant Boult Cummings LLP
1819 Fifth Avenue North
Birmingham, AL 35203
Telephone: (205) 521-8000
Facsimile: (205) 521-8800

Attorneys for HSBC Bank USA, N.A., HSBC Finance Corporation, HSBC Mortgage Corporation (USA), and HSBC Mortgage Services, Inc.

Dated: New York, New York
May __, 2014

By: _____
Title: _____


HSBC Bank USA, N.A.

Dated: New York, New York
May 22, 2014

By: K. Maddox
Title: EVP

HSBC Finance Corporation

Dated: New York, New York
May 29, 2014

By: 
Title: Senior Executive Vice President

HSBC Mortgage Corporation (USA)

Dated: New York, New York
May __, 2014

By: _____
Title: _____

HSBC Mortgage Services, Inc.

Dated: New York, New York
May __, 2014

By: _____

Title: _____

HSBC Mortgage Corporation (USA)

Dated: New York, New York
May 27, 2014

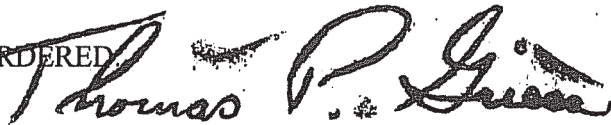
By: H. Macaron

Title: EVP

HSBC Mortgage Services, Inc.



SO ORDERED



HON. THOMAS P. GRIESA
UNITED STATES DISTRICT JUDGE

Dated: New York, New York
June 19, 2014

Exhibit A

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK



13 Civ. 1467

CONSENT JUDGMENT

UNITED STATES OF AMERICA,

Plaintiff,

v.

HSBC BANK USA, N.A., HSBC FINANCE
CORPORATION, HSBC MORTGAGE
CORPORATION (USA), HSBC MORTGAGE
SERVICES, INC., and JOHN
DOE LOAN SERVICING COMPANIES 1-20,

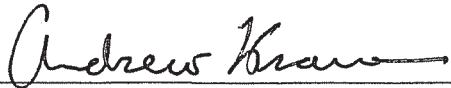
Defendants.

-----X
Upon the consent of plaintiff the United States of America and defendants HSBC Bank
USA, N.A., HSBC Finance Corporation, HSBC Mortgage Corporation (USA), and HSBC
Mortgage Services, Inc., following entry of a stipulation and order of settlement and dismissal; it
is hereby

ORDERED, ADJUDGED AND DECREED: that plaintiff the United States of America is awarded judgment in the sum of \$10,000,000 as of May 12, 2014, as against defendants HSBC Bank USA, N.A., HSBC Finance Corporation, HSBC Mortgage Corporation (USA), and HSBC Mortgage Services, Inc., jointly and severally, plus any and all applicable post-judgment interest as permitted by law.

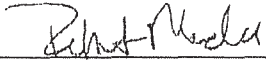
Consented to by:

PREET BHARARA
United States Attorney for the
Southern District of New York

By: 
Cristine Irvin Phillips
Andrew E. Krause
Assistant United States Attorneys
86 Chambers Street, Third Floor
New York, New York 10007
Telephone: (212) 637-2696/2769
Facsimile: (212) 637-2702

Attorney for the United States of America

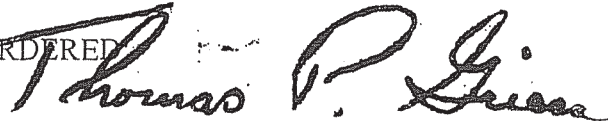
BRADLEY ARANT BOULT CUMMINGS LLP

By: 

Robert Maddox
Brad Robertson
1819 Fifth Avenue North
Birmingham, AL 35203
Telephone: (205) 521-8000
Facsimile: (205) 521-8800

*Attorneys for HSBC Bank USA, N.A., HSBC
Finance Corporation, HSBC Mortgage Corporation
(USA), and HSBC Mortgage Services, Inc.*

SO ORDERED



HON. THOMAS P. GRIESA
UNITED STATES DISTRICT JUDGE

Dated: New York, New York
June 19, 2014