

SETTLEMENT AGREEMENT AND ORDER

ROCKET MORTGAGE, LLC

The purpose of this Settlement Agreement and Order (“Agreement”) is to resolve certain disputes and require certain corrective action in relation to issues noted in the Non-Depository Supervisory Committee’s (“NDSC”) 2018 inquiry into the advertising practices of Quicken Loans (n/k/a Rocket Mortgage, LLC) (the “Matter”). The following terms are used in this Agreement:

Company:	Rocket Mortgage, LLC, formerly known as Quicken Loans, LLC
Participating States:	Alabama State Banking Department; Alaska Division of Banking and Securities; District of Columbia Department of Insurance, Securities, and Banking; Idaho Department of Finance; Illinois Department of Financial and Professional Regulation; Iowa Division of Banking; Mississippi Department of Banking and Consumer Finance; Ohio Department of Commerce; Oklahoma Department of Consumer Credit; Tennessee Department of Financial Institutions; Department of Savings & Mortgage Lending (an agency of the State of Texas); Washington Department of Financial Institutions.

WHEREAS, the Company is a Michigan limited liability company with a main office at 1050 Woodward Avenue, Detroit, Michigan; and

WHEREAS, the Company is licensed as a mortgage lender under the respective laws of several states, including the Participating States; and

WHEREAS, the mortgage regulators of the Participating States (“State Regulators”) are members of the Conference of State Bank Supervisors (“CSBS”) (exclusive of the Texas Department of Savings & Mortgage Lending and the Oklahoma Department of Consumer Credit). The Participating States (exclusive of the Illinois Department of Financial and Professional Regulation) issued a Uniform Report of Investigation to the Company (“Report”), dated September 12, 2019, which fully described its allegations as to the Company’s advertising practices and its regulatory expectations with respect to those practices (the “Allegations”); and

WHEREAS, the State Regulators have agreed to address the Allegations and its enforcement concerns with the Company in a collective and coordinated manner, working through the NDSC. The State Regulators and the Company are collectively referred to herein as the “Parties”; and

WHEREAS, the Company, by and through its representative, has consented to this Agreement without admitting or denying any charges of noncompliance with any federal or state advertising laws or other applicable laws; voluntarily agrees to waive any procedural rights as they concern any aspect of this Agreement, except procedural rights created by or expressly reserved in this Agreement; and represents that the person executing this Agreement on its behalf is duly authorized to do so and legally bind the Company; and

WHEREAS, the Parties enter into this Agreement with the intention of resolving the Matter, including the Allegations and assertions set forth in the Report; and

WHEREAS, except with regard to the enforcement of this Agreement, the Company's consent to the provisions of this Agreement does not bar, estop, waive, or otherwise prevent the Company from raising any defenses to any action taken as a result of or outside this Agreement by any federal or state agency or department, or any private action against the Company; and

WHEREAS, the Parties agree this Agreement is a public record that is a reportable event for purposes of the regulatory disclosure questions on The Nationwide Multistate Licensing System.

NOW, THEREFORE, the Participating States, acting under statutory authority and with the non-objection of the Company, hereby order that the undersigned representative take, on behalf of the Company, the following steps in furtherance of addressing the regulatory expectations of the Participating States, clarifying regulatory standards in federal advertising laws, and maintaining the highest standard of full disclosure for advertising compliance in the mortgage industry.

I. MONETARY COSTS AND PENALTIES

Within thirty (30) days of the Effective Date, the Company shall pay to the Participating States the sum of Five Hundred Thousand Dollars (\$500,000) inclusive of investigative costs in the amount of Fifty Thousand Dollars (\$50,000) to the State of Washington. Payment shall be made in the amounts and by the mechanisms instructed jointly by the Participating States in writing within ten (10) days of the Effective Date.

The Company shall also be liable to the Participating States collectively for the additional sum of up to One Million Dollars (\$1,000,000), payable only in the event the Company does not comply with Section III of this Agreement in the two (2) year period after the Effective Date and only as otherwise permitted under this Agreement ("Stayed Penalty"). The amount of such Stayed Penalty shall be reduced by One-Hundred and Twenty-Five Thousand Dollars (\$125,000), and forgiven, for each Quarter (3 months) from the Effective Date of this Agreement in which the Company complies with the terms of this Agreement. As further set forth in Section IV, if any Participating State determines the Company is in material noncompliance with the terms of this Agreement, that State may take any action to seek to lift the stay and enforce that State's equal share of the Stayed Penalty in effect at the time of the alleged noncompliance, pursuant to any administrative or judicial process available under the laws of the Participating State initiating the action.

II. REMEDIAL MEASURES

As a result of the Report and based upon the Allegations, the Company has taken the steps outlined in Section III below to more closely align its advertising and marketing practices to regulatory expectations.

The Company has updated its Marketing Policy to reflect all updated advertising practices and standards set forth in Section III. The Company will maintain and utilize such updated advertising practices and standards unless and until changes in state or federal advertising laws or guidance require further updates. Nothing in this Section will require the Company to continue to use the specific advertising materials described in the Report or the specific advertising materials provided by the Company to one or more of the Participating States as examples of the updates to those materials.

The Company will continually monitor and update its advertising practices to comply with all state and federal advertising laws.

III. ADVERTISING UPDATE MEASURES

1) General Advertising Updates

- Marketing collateral advertising discounted interest rates have been updated to disclose clearly and conspicuously both the discount points associated with the advertised interest rate and the dollar cost of those discount points.
- Marketing collateral advertising mortgage rates or terms have been updated to reformat the applicable disclosures, including appearing in the font, color, size, and shade, in accordance with the format agreed upon between the Participating States and the Company.
- Marketing collateral advertising a new monthly payment that is calculated without including taxes and insurance have been updated to place the required disclosure under Regulation Z, 12 C.F.R. § 1026.24(f)(3)(i)-(ii), directly below or next to the new monthly payment or include a conspicuous hyperlink directly below or next to the new monthly payment that links directly to the required disclosure under Regulation Z.

2) Direct Mail Advertising Updates

- Triggering term disclosures required under Regulation Z, 12 C.F.R. § 1026.24(d), appearing on the reverse of direct mail solicitations for extending a firm offer of credit have been updated to appear in the same font, color, size, and shade as the body of the main text on the front of the solicitation.
- Direct mail extending a firm offer of credit has been updated to state the recipient has been “Pre-Selected” for the advertised offer.
- Direct mail extending a firm offer of credit has been updated so the assumed gross monthly income is based on the minimum income that would be eligible for the advertised loan amount.

- When advertising products with pricing impacted by a consumer’s debt-to-income ratio (“DTI”), the Company updated its policy to apply the maximum price adjustment for DTI to the advertised loan terms.

3) Internet Advertising Updates

- The Company’s “Mortgage Rates” webpage has been updated to remove the assumption that the pricing was generated based on a borrower having a DTI below 30 percent.
- The Company’s “Mortgage Rates” webpage has been updated by placing a hyperlink labeled “See Legal Disclosures” directly below the listed products and interest rates. The hyperlink takes the consumer directly to the applicable product and rate disclosures.
- The Quicken Loans and Rocket Mortgage websites have been updated to remove any reference to adjustable rate mortgages (“ARMs”) as a mortgage product with the “lowest rate” or any similar reference.
- The Company’s “Mortgage Rates” webpage language describing ARMs has been updated to read “Adjustable rate mortgages (ARMs) may offer lower initial rates than some other loan types. ARMs are a great option if you expect to sell your house or refinance before the initial fixed-rate ends....”

4) Pop-Up Advertising Updates

- The Company’s landing page on LowerMyBills.com has been updated to make Regulation Z’s triggering term disclosure, 12 C.F.R. § 1026.24(d), appear so that a consumer sees that disclosure immediately upon clicking on a pop-up advertisement.
- LowerMyBills, a third-party lead generator, has updated the refinance payment calculator on its website to display the annual percentage rate (APR) with equal prominence to the advertised simple interest rate.

5) E-Mail Advertising Updates

- Emails advertising interest rates have been updated to include subscripts directing the consumer to the applicable disclosures made clearly and conspicuously in accordance with Regulation Z, 12 C.F.R. § 1026.24(e) and which subscripts the Company has updated to reformat the applicable disclosures.

6) Sales Representative Scripting Updates

- All sales scripts have been updated to remove any mention of an escrow refund or the opportunity to skip a monthly payment as potential benefits of refinancing.
- All sales scripts have been updated to remind sales representatives to quote an APR and, where applicable, discount points and the dollar cost of those points, whenever orally quoting a nominal interest rate.
- All sales scripts have been updated to remove any mention of “wholesale.”
- All sales scripts have been updated to ensure all representations are substantiated.

- The Company has updated its Marketing Policy to outline the review process for sales representative scripts and compliance guidelines for the content of the sales representative scripts.

The foregoing updates have been incorporated into exemplar marketing templates attached as Exhibits A, B, and C (“Updated Materials” or “Exemplars”); they either have been implemented or will be implemented immediately upon entry of this Agreement; and the Updated Materials shall be deemed hereafter to comply with this Agreement. Use of the Updated Materials is in compliance with this Agreement.

Notwithstanding any prior claim or right of confidentiality, any Participating State may use the Updated Materials as model materials and disclosures to provide guidance to others engaged in advertising in the State.

IV. USE OF ADVERTISING MATERIAL INCONSISTENT WITH SECTION III

In the event of the Company’s use of advertising materials that are not consistent with the substance of the standards in Section III, any State Regulator in whose State such materials are used and that seeks a remedy for such noncompliance may issue a written notice of material noncompliance to the Company (“Noncompliance Notice”).

- 1) To the extent the Noncompliance Notice reflects the Company’s attempted use of the Updated Materials in compliance with Section III, the Company shall have the option to cure the material noncompliance by implementing the Updated Materials accurately as soon as reasonably practical to do so, but no later than 30 days after receipt of the Noncompliance Notice.
- 2) To the extent the Noncompliance Notice concerns the Company’s use of any other advertising materials that are not consistent with the substance of the standards in Section III, or if the Company does not opt to implement the Updated Materials under subpart 1, the Company and the State Regulator(s) shall have twenty (20) days after the Company’s receipt of the Noncompliance Notice to confer regarding the allegation of noncompliance. If, and to the extent, after conferral, the State Regulator(s) maintain that there is a material noncompliance with Section III, the State Regulator(s) shall confirm the noncompliance to the Company in writing and the Company thereafter will be given fifteen (15) days, unless otherwise agreed, to cure the alleged material noncompliance.

If the Company timely cures under either subpart 1 or 2 above, that shall be deemed to resolve the alleged violation and the State shall have no right to obtain any order or pursue any remedy based on the violations cited in the Noncompliance Notice. If the Company fails to cure the noncompliance within the applicable timeframe, the State Regulator may take such action against the Company to seek the Stayed Penalty available to that State under Section I for the violations cited in the Noncompliance Notice as authorized under applicable law. Each Participating State agrees to be limited to recovering only that State’s equal share of the Stayed Penalty in effect at the time of the alleged noncompliance with this Agreement, and it cannot seek any additional penalty, order or remedy for the violations cited in the Noncompliance

Notice, including an order compelling compliance with this Agreement or a cease and desist order or any action against the Company's license, and it shall not cite such noncompliance or payment of the Stayed Penalty as facts and circumstances that constitute an independent violation of law or grounds for action by the State Regulator.

The cure periods set forth in this Section IV shall not apply to violations of the standards set forth in Section III that occur more than twice in any rolling six month period during the term of the Agreement.

The Company shall not be deemed to have waived any defenses as a result of this Section or Section I.

V. ADDITIONAL TERMS APPLICABLE TO THE UPDATED MATERIALS

In addition to the other terms of this Agreement, the Updated Materials are governed by the terms of this Section V.

- 1) Attached as Exhibit A is the exemplar marketing template for direct mail advertising, including firm offers of credit ("Direct Mail Exemplar"), which the Parties agree is consistent with marketing standards set out in Regulation Z, the MAP Rule, and other applicable federal and State law. Specifically, the Direct Mail Exemplar provides a "clear and conspicuous" disclosure resulting from triggering terms under Regulation Z, 12 C.F.R. §§ 1026.24(b), (d), by providing the disclosure of such terms in the same font, color, size, and shade as the substance of the marketing asset and segregated from other disclosures not related to the pricing of the loan. The Direct Mail Exemplar also provides, consistent with the MAP Rule, 12 C.F.R. §§ 1014.3(b), (c), that where advertising a discounted interest rate, the advertisement discloses the cost, reflected as a dollar amount, to be paid to achieve the discount. The Direct Mail Exemplar also complies with the requirement of Washington law as to the disclosure of discounts and discount points. WASH. ADMIN. CODE § 208-620-630(9). *See also id.* § 208-660-500(3)(l).
- 2) Attached as Exhibit B is the exemplar marketing template for email advertising ("Email Exemplar"), which the Parties agree is consistent with the marketing standards set out in Regulation Z, the MAP Rule, and other applicable federal and State law. Specifically, the Email Exemplar provides a "clear and conspicuous" disclosure resulting from triggering terms under Regulation Z, 12 C.F.R. §§ 1026.24(b), (d), by including a subscript next to the trigger term for each advertised product directing the consumer to the applicable disclosure and providing such disclosures in the same font, color, size, and shade as the substance of the marketing asset. The Email Exemplar also provides, consistent with the MAP Rule, 12 C.F.R. §§ 1014.3(b), (c), that where advertising a discounted interest rate, the advertisement discloses the cost, reflected as a dollar amount, to be paid to achieve the discount. The Email Exemplar also complies with the requirement of Washington law as to the disclosure of discounts and discount points. WASH. ADMIN. CODE § 208-620-630(9). *See also id.* § 208-660-500(3)(l).

- 3) Attached as Exhibit C is the exemplar marketing template for advertising rates on a website (“Website Exemplar”), which the Parties agree is consistent with marketing standards set out in Regulation Z, the MAP Rule, and other applicable federal and State law. Specifically, the Website Exemplar provides a “clear and conspicuous” disclosure resulting from triggering terms under Regulation Z, 12 C.F.R. §§ 1026.24(b), (d), (e) by making the disclosure one-click away placing a hyperlink labeled “*Legal Disclosure” directly below the trigger term that displays the applicable disclosure of such terms in the same font, color, size, and shade as the terms triggering the disclosure. The Website Exemplar also provides, consistent with the MAP Rule, 12 C.F.R. §§ 1014.3(b), (c), that where a website advertises a discounted interest rate, the advertisement discloses the cost, reflected as a dollar amount, to be paid to achieve the discount. The Website Exemplar also complies with the requirement of Washington law as to the disclosure of discounts and discount points. WASH. ADMIN. CODE § 208-620-630(9). *See also id.* § 208-660-500(3)(1).

The Company shall not be required to use any or all of the Exemplars if its advertising materials otherwise comply with this Agreement, but if it uses any Exemplar or one materially similar, the advertising shall be deemed to comply with this Agreement, Regulation Z, the MAP Rule, and other applicable federal and State law with respect to the material disclosed in the Exemplar.

VI. GENERAL PROVISIONS

- 1) *Jurisdiction*: Pursuant to the licensing and supervision laws of the Participating States, the Participating States have jurisdiction over the Company as described herein and may enforce the terms of this Agreement in any such Participating State unless otherwise stated in this Agreement.
- 2) *Binding Nature*: The terms of this Agreement shall be legally binding upon and benefit the Company’s officers, owners, directors, employees, successors (including any duly licensed successor licensee), and assigns.
- 3) *Standing and Choice of Law*: Each State Regulator has standing to enforce this Agreement in the judicial or administrative process otherwise authorized under the laws and regulations of the corresponding Participating States. Upon entry, this Agreement shall be deemed a final order of each respective State Regulator unless adoption of a subsequent agreement is necessary under the terms of the corresponding Participating State. In the event of any disagreement between any State Regulator and the Company regarding the enforceability or interpretation of this Agreement and compliance therewith, the courts or administrative agency authorized under the laws of the respective Participating State shall have exclusive jurisdiction over the disputes, and the laws of such State shall govern the interpretation, construction, and enforceability of this Agreement.
- 4) *Titles*: The titles used to identify the paragraphs of this Agreement are for the convenience of reference only and do not control the interpretation of this Agreement.

- 5) *Counterparts*: This Agreement may be executed in separate counterparts, including electronically by e-mail of a .pdf or similar file, each of which shall be deemed to be an original, but all of which, taken together shall constitute one and the same Agreement. A copy of the signed Agreement shall be given the same effect as the originally signed Agreement.
- 6) *Final Agreement*: This Agreement supersedes any prior oral or written discussion or agreement related to the Matter and constitutes the entire agreement between the Parties relating to the Matter. Upon issuance of this Agreement by each State Regulator, this Matter will be resolved with the respective State Regulator and such State Regulator will not take any future enforcement or other action against the Company based upon the Allegations of the Report. Each Participating State shall close, with no further findings, the examination that resulted in the issuance of the Report.

Issuance of this Agreement is without prejudice to the right of a State Regulator to take enforcement action against the Company based upon a violation of this Agreement or the matters underlying its entry, if a State Regulator determines that any representation made by the Company and reflected herein is subsequently discovered to be untrue. Nothing in this Agreement shall be construed as limiting a State Regulator's ability to take enforcement action against the Company based upon evidence indicating that the Company withheld material information from or made any material misstatement or omission to a State Regulator in connection with this Matter.

- 7) *Enforcement: No Restriction on Existing Examination and Investigation Authority*: This Agreement shall in no way preclude any Participating State from exercising its supervision, examination, or investigation authority under the laws of the corresponding Participating State in the instance a determination is made wherein the Company is found not to be adhering to the requirements of this Agreement or involving any unrelated matter not subject to the terms of this Agreement, subject to the limitations of Sections I and IV. It is the intent of the Parties that enforcement authority, other than the process outlined in Section IV, to address advertising violations that may also violate this Agreement, shall only be exercised by the Participating States in the event the Company fails to cure the noncompliance as set forth in Section IV twice in any rolling six-month period during the term of the Agreement. The enforcement authority of the Participating States for advertising practices outside of the scope of this Agreement is not restricted.
- 8) *Sharing of Information and Cooperation*: The Participating States may collectively or individually request and receive any information or documents in the possession of the NDSC. This Agreement shall not limit the Company's obligations, as a licensee of a Participating State, to cooperate with any examination or investigation in any Participating State.
- 9) *Licensure*: Subject to the foregoing, nothing in the issuance of this Agreement shall adversely affect the ability of the Company to apply for or obtain licenses or renewal licenses in the Participating States provided all applicable legal requirements for any such licenses are satisfied.

10) *Release*: Upon execution of this Agreement by the Parties, the Participating States shall be deemed to have released the Company from all claims, asserted violations, and other rights of the Participating States related to this Matter, including the Allegations and assertions set forth in the Report, and the Participating States will not take any future enforcement or other action against the Company other than as set out in Sections I, IV, and VI of this Agreement. This release shall not apply to any other state agency of the Participating States not specifically set forth above.

11) *Effective Date*: This Agreement shall become effective upon execution by all Parties.

12) *Term*: The term of this Agreement shall be for two years from the Effective Date.

It is so **ORDERED**.

IN WITNESS WHEREOF, in consideration of the foregoing, including the recital paragraphs, and with the Parties intending to be legally bound do hereby execute this Agreement on this 22nd day of September, 2021.

ROCKET MORTGAGE, LLC

By: _____ Date: _____
JAY DAVID FARNER, Chief Executive Officer

DISTRICT OF COLUMBIA DEPARTMENT OF INSURANCE, SECURITIES, AND BANKING

By: /s/ _____ Date: September 21, 2021 _____
KARIMA M. WOODS, Commissioner

OKLAHOMA DEPARTMENT OF CONSUMER CREDIT

By: /s/ Date: 9/21/21
SCOTT LESHER, Administrator

