

COMMONWEALTH OF MASSACHUSETTS

Suffolk, SS.

COMMISSIONER OF BANKS

SMALL LOAN COMPANY
LICENSE
THIRD PARTY LOAN
SERVICER REGISTRATION

Docket No. 2020-0007

In the Matter of)
AFFIRM, INC.)
San Francisco, CA)
NMLS# 1883087)
_____)

AGREEMENT

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This Agreement is made this 2nd day of July, 2020, between AFFIRM, INC., San Francisco, California (“Affirm” or “Corporation”) and the Massachusetts Division of Banks (“Division”).

WHEREAS, Affirm, a corporation headquartered in San Francisco, California with full knowledge of its rights to Notice and Hearing pursuant to Massachusetts General Laws chapter 30A and having waived those rights, consents to this agreement ("Agreement") with the Division, solely for the purpose of resolving this matter in its entirety, and without admitting any allegations or implications of fact or the existence of any violation of laws, regulations, and rules governing the conduct and operation of the small loan business and third party loan servicing business in the Commonwealth of Massachusetts.

BACKGROUND

WHEREAS, a person or entity must register with the Commissioner of Banks (“Commissioner”) prior to engaging in the business of a third party loan servicer in Massachusetts pursuant to Massachusetts General Laws chapter 93, section 24A(b);

WHEREAS, a person or entity engaging in the business of a third party loan servicer in Massachusetts must comply with the requirements of 209 CMR 18.00 *et seq.*;

WHEREAS, Massachusetts General Laws chapter 140, sections 96 through 114A requires entities to be licensed by the Commissioner if they are engaged, directly or indirectly, in the business of making loans of \$6,000.00 or less and the interest and expenses paid on the loan exceed in the aggregate 12 percent per annum in the loan amount (small loans), or if they are engaged in the buying or endorsing of notes or the furnishing of guarantee or security for compensation;

WHEREAS, Affirm has its main office located at 650 California Street, 12th Floor, San Francisco, California, 94108;

WHEREAS, Affirm allegedly engaged in the business of a third party loan servicer and a small loan company from at least December 1, 2016 through present in Massachusetts without the appropriate registration and license;

WHEREAS, according to records maintained on file with the Division, and as recorded on the Nationwide Multi-State Licensing System and Registry (NMLS), on or about September 9, 2019, Affirm submitted an application to engage in the business of a third party loan servicer (the “Loan Servicer Application”);

WHEREAS, during a review of Affirm’s Loan Servicer Application, the Division came to believe that the Corporation had engaged in the business of a small loan company in Massachusetts;

WHEREAS, on or about June 25, 2020, Affirm submitted a small loan company license application through the NMLS (the “Small Loan Application”);

AGREEMENT

NOW COME the parties in the above matter, the Division and the Corporation, agree as follows:

1. The Corporation shall remit to the Division the amount of two and a quarter million dollars (\$2,250,000.00). The remittance shall be due upon execution of this Agreement and shall be payable by check to the “Commonwealth of Massachusetts,” mailed to the Division of Banks, Attn: Mortgage Licensing Unit, 1000 Washington Street, 10th Floor, Boston, Massachusetts 02118.

2. Affirm shall immediately cease and desist from engaging in any business activity that requires licensing or registration from the Division, prior to obtaining the appropriate license or approval from the Division including, but not limited to, acting as a third party loan servicer or small loan company in Massachusetts as such business is described in Massachusetts General Laws chapter 93, section 24A and chapter 140, section 96, respectively.

3. It is understood that the Corporation shall be required to submit complete applications to obtain the relevant small loan company license and third party loan servicer registration from the Commissioner, and the Commissioner shall have all of the discretion set forth within Massachusetts General Laws chapter 140, section 96, the Division's regulation 209 CMR 20.00 et seq., Massachusetts General Laws chapter 93, section 24A and the Division's regulation 209 CMR 18.00 et seq. in determining whether to issue the relevant license and/or registration to Affirm, provided, however, that any such application shall not be denied solely as a result of any of the issues resolved by this Agreement or because Affirm entered into this Agreement.

4. Affirm shall establish, implement, and maintain adequate internal policies and procedures to ensure that the Corporation complies with all applicable licensing or registration requirements.

GENERAL PROVISIONS

1. Nothing in this Agreement shall be construed as permitting Affirm to violate any law, rule, regulation, or regulatory bulletin to which the Corporation is subject.

2. Failure to comply with the terms of this Agreement may constitute grounds for formal regulatory action pursuant to applicable provisions of the General Laws of the Commonwealth of Massachusetts including, but not limited to, revocation of any and all licenses and registrations issued by the Division.

3. This Agreement shall become effective immediately upon the date of its issuance.

4. The provisions of this Agreement shall be binding upon Affirm and its respective subsidiaries, officers and directors, successors and assigns, and those persons in active participation with them, directly or indirectly, acting individually or through any corporate or other entity.

5. In consideration of this Agreement, the Division agrees not to pursue any other remedial measures, sanctions, or penalties relative to this matter unless the Division is made aware of material information that is not addressed in this Agreement, or if Affirm fails to comply with the terms of this Agreement.

6. The provisions of this Agreement shall not limit, estop, or otherwise prevent any other state agency or department from taking any other action under separate authority affecting the Corporation or any of its officers and directors, or their successors or assigns.

7. The provisions of this Agreement shall remain effective and enforceable except to the extent that and until such time as the Commissioner or a court of competent jurisdiction modifies, terminates, suspends, or sets aside any provision of this Agreement.

8. This Agreement is the complete document representing the resolution of this matter. There are no other agreements, promises, representations, or warranties between the Division and Affirm.

Agreed to this 1st day of July, 2020.

Affirm, Inc.
San Francisco, CA

By its duly authorized officer:

Sharda Caro del Castillo

Approved this 2nd day of July, 2020:

Commonwealth of Massachusetts Division of Banks

By:
Mary L. Gallagher
Commissioner of Banks