

COMMONWEALTH OF MASSACHUSETTS

Suffolk, SS.

COMMISSIONER OF BANKS  
MORTGAGE LENDER AND  
MORTGAGE BROKER  
LICENSING  
Docket No. 2019-0007

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In the Matter of  
FREEDOM MORTGAGE CORPORATION

Mount Laurel, New Jersey

Mortgage Lender and Broker License No. MC2767

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) CONSENT ORDER  
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WHEREAS, FREEDOM MORTGAGE CORPORATION, (Freedom Mortgage or the Corporation), a licensed mortgage lender and mortgage broker under Massachusetts General Laws chapter 255E, section 2, has been advised of its right to Notice and Hearing pursuant to General Laws chapter 255E, section 7(a), and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER (Consent Agreement) with representatives of the Division of Banks (Division) dated July 30, 2020, whereby, solely for the purpose of settling this matter, and without admitting any allegations or implications of fact or the existence of any violation of state or federal laws and regulations governing the conduct and operation of a mortgage lender and mortgage broker, Freedom Mortgage agrees to the issuance of this Consent Order (Consent Order) by the Commissioner of Banks (Commissioner);

WHEREAS, on September 21, 2016, as result of findings from an examination/inspection conducted by the Division as of October 20, 2015, Freedom Mortgage and the Commissioner entered into a Stipulation and Consent to the Issuance of a Consent Order whereby the Corporation agreed to the issuance of a Consent Order (2016 Consent Order);

WHEREAS, on February 11, 2019, the Division conducted a Mortgage Lender Community Investment (CRA) examination and a compliance examination/inspection of Freedom Mortgage pursuant to General Laws chapter 255E, section 8, to assess the Corporation's level of compliance with applicable Massachusetts and federal statutes and regulations governing the conduct of those engaged in the business of a mortgage lender and mortgage broker in the Commonwealth, as well as to assess the Corporation's compliance with the 2016 Consent Order;

WHEREAS, the Consumer Financial Protection Bureau (CFPB) reviewed the data collection, recording, and reporting practices of Freedom Mortgage for 2014, 2015, 2016, and 2017 and found that the Corporation violated the Home Mortgage Disclosure Act (HMDA) by submitting HMDA loan data that contained errors;

WHEREAS, on May 23, 2019, Freedom Mortgage executed a "Stipulation and Consent to the Issuance of a Consent Order," whereby, without admitting or denying any of the CFPB's findings of fact or conclusions of law, the Corporation consented to the issuance of a May 31, 2019 Consent Order issued by the CFPB (CFPB Consent Order), to address the CFPB's findings and settle the matter described above;

WHEREAS, as a result of the data errors as described in the CFPB Consent Order, Freedom Mortgage could not confirm the accuracy of the HMDA data provided to the Division, and therefore, the Division determined that it could not complete a CRA examination or evaluate Freedom Mortgage's compliance with Fair Lending laws;

WHEREAS, on November 26, 2019, the Division issued a Report of Examination/Inspection (the Report), pursuant to the Division's examination/inspection of Freedom Mortgage, alleging non-compliance with certain applicable state and federal statutes, rules, and regulations governing the Corporation's conduct in Massachusetts;

WHEREAS, the parties now seek to resolve by mutual agreement the matters identified in the Report; and

WHEREAS, by mutual agreement of the Corporation and the Division, the 2016 Consent Order is hereby terminated in its entirety and superseded and replaced by this Consent Order.

ORDER

NOW COME the parties in the above-captioned matter, the Division and Freedom Mortgage, stipulate and agree as follows:

1. As required in the CFPB Consent Order, Freedom Mortgage shall establish, implement, and maintain procedures to ensure compliance with the data collection, recording, and loan reporting requirements set forth in the Home Mortgage Disclosure Act, 12 U.S.C. section 2801 *et seq.*, as implemented by 12 CFR. Part 1003 (Regulation C). Such procedures shall require that the Corporation implement internal controls to ensure that, for all HMDA reportable loan applications, Freedom Mortgage accurately compiles and records all required data in the Corporation's HMDA Loan Application Register (LAR).

(a) As required in the CFPB Consent Order, Freedom Mortgage shall establish, implement, and maintain procedures to ensure that the Corporation regularly audits HMDA data integrity and promptly addresses all identified errors. Such procedures shall include reviews of recorded telephone conversations to ensure that the information derived from applications taken by telephone has been accurately collected and recorded.

(b) As required in the CFPB Consent Order, Freedom Mortgage shall establish, implement, maintain, and periodically update internal controls operating policies and training procedures to ensure that all applicable personnel possess a comprehensive understanding of the HMDA reporting requirements under Regulation C. Such training shall ensure the proper implementation and execution of the revised practices and procedures adopted by Freedom Mortgage pursuant to this Section of the Consent Order.

- (c) Freedom Mortgage shall submit a payment in the amount of twenty-five thousand dollars (\$25,000.00) in satisfaction of an administrative penalty collected in consideration of the Corporation's failure to record accurate and reliable HMDA data, as described in the CFPB Consent Order. Freedom Mortgage shall remit payment in full of the amount indicated above, payable to the "Commonwealth of Massachusetts," with the executed copy of the Consent Agreement, to the Office of the Commissioner of Banks.

2. Freedom Mortgage affirms that it is addressing all matters requiring attention set forth in the Report

- (a) Freedom Mortgage shall establish, implement, and maintain procedures and policies to ensure that all applicable personnel receive adequate instruction and ongoing, periodic training to ensure proper implementation and execution of the revised practices and procedures implemented pursuant to this Consent Order.

3. Freedom Mortgage shall furnish written progress reports to the Division via secure email, to [DOBProgressReport@mass.gov](mailto:DOBProgressReport@mass.gov), consistent with the reporting obligations under the CFPB Consent Order. Each progress report submitted to the Division pursuant to this Section of the Consent Order shall be reviewed and signed by a duly authorized officer of the Corporation.

4. Nothing in this Consent Order shall be construed as permitting Freedom Mortgage to violate any law, rule, regulation, or regulatory bulletin to which the Corporation is subject.

5. In consideration of the foregoing Consent Order, the Division agrees not to pursue formal measures, relative to this matter, to suspend or revoke Freedom Mortgage's mortgage lender or mortgage broker license under Massachusetts General Laws chapter 255E, section 6, while this Consent Order is in effect, but subject to the provisions of Section 6 of this Consent Order.

6. Failure to comply with the terms of this Consent Order shall constitute grounds for license suspension and/or revocation, or other formal regulatory action pursuant to applicable provisions of the General Laws of the Commonwealth of Massachusetts.

7. This Consent Order shall become effective immediately upon the date of its issuance.

8. The provisions of this Consent Order 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 Consent Order.

9. This Consent Order and the Consent Agreement are the complete documents representing the resolution of this matter. There are no other agreements between the Division and Freedom Mortgage.

BY ORDER AND DIRECTION OF THE COMMISSIONER OF BANKS:

Dated at Boston, Massachusetts, this 30th day of July, 2020.

By: /s/ Mary L. Gallagher  
Commissioner of Banks