



PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC Announces Settlement with HomeStreet Bank in Seattle for Violations of the Real Estate Settlement Procedures Act

The Federal Deposit Insurance Corporation (FDIC) today announced a settlement with HomeStreet Bank, Seattle, Washington, for violations of the Real Estate Settlement Procedures Act (RESPA). HomeStreet Bank stipulated to the issuance of an Order to Pay Civil Money Penalty (“Order”) in the amount of \$1,350,000.

Section 8(a) of RESPA prohibits giving or accepting a thing of value for the referral of settlement service involving a federally related mortgage loan. RESPA was enacted to enable consumers to better understand the home purchase and settlement process, and where possible, to reduce settlement costs.

The FDIC determined that HomeStreet Bank, through its now discontinued Home Loan Center-based mortgage banking business line, entered into certain co-marketing arrangements in which the bank and real estate brokers agreed to market their services together using online platforms. The FDIC also determined that the bank entered into desk rental agreements whereby the bank rented space in the offices of real estate brokers and home builders. These arrangements and agreements resulted in the payment of fees by the bank to real estate brokers and home builders for their referrals of mortgage loan business, in violation of RESPA. HomeStreet Bank has terminated all of the co-marketing and desk rental agreements.

While co-marketing arrangements and desk rental agreements are permissible where the fees paid bear a reasonable relationship to the fair market value of marketing or rental costs, such arrangements and agreements violate RESPA when the amounts paid exceed fair market value and the excess is for referrals of mortgage business.

HomeStreet Bank agreed to the issuance of the Order without admitting or denying the aforementioned violations. The full text of the Order is attached.

Attachment:

[Order to Pay Civil Money Penalty](#)



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. The FDIC insures deposits at the nation's banks and savings associations, 5,303 as of June 30, 2019. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars—insured financial institutions fund its operations.

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