

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

In the Matter of)	
)	DOCKET NO. 9304
QUICKEN LOANS INC.,)	
a corporation.)	AGREEMENT CONTAINING
)	CONSENT ORDER
)	

This Agreement Containing Consent Order (“Consent Agreement”), by and between Quicken Loans Inc., a corporation (“Respondent”), by its duly authorized officer and its attorney, and counsel for the Federal Trade Commission (“Commission”), is entered into in accordance with the Commission’s Rules governing consent order procedures. In accordance therewith the parties hereby agree that:

1. Respondent Quicken Loans Inc. is a Michigan corporation with its principal office or place of business at 20555 Victor Parkway, Livonia, Michigan 48152.
2. Respondent has been served with a copy of the Complaint issued by the Commission charging it with violations of Section 615(a) of the Fair Credit Reporting Act, 15 U.S.C. § 1681m(a), and Section 5(a)(1) of the Federal Trade Commission Act, 15 U.S.C. § 45(a)(1).
3. Respondent admits all the jurisdictional facts set forth in the Complaint.
4. Respondent waives:
 - a. Any further procedural steps;
 - b. The requirement that the Commission's Decision and Order contain a statement of findings of fact and conclusions of law;
 - c. All rights to seek judicial review or otherwise to challenge or contest the validity of the Order entered pursuant to this Consent Agreement; and
 - d. Any claim under the Equal Access to Justice Act.
5. This Consent Agreement shall not become a part of the public record of the proceeding unless and until it is accepted by the Commission. If this Consent Agreement is accepted by the Commission, it will be placed on the public record for a period of thirty (30) days and information about it publicly released. The Commission thereafter may either withdraw its acceptance of this

Consent Agreement and so notify Respondent, in which event it will take such action as it may consider appropriate, or issue and serve its Decision and Order, in disposition of the proceeding.

6. This Consent Agreement is for settlement purposes only and does not constitute an admission by Respondent that the law has been violated as alleged in the Complaint, or that the facts as alleged in the Complaint, other than the jurisdictional facts, are true. Respondent denies that it has violated the law and denies all allegations in the Complaint, other than the jurisdictional facts.

7. This Consent Agreement contemplates that, if it is accepted by the Commission, and if such acceptance is not subsequently withdrawn by the Commission pursuant to the provisions of Section 3.25(f) of the Commission's Rules, 16 C.F.R. § 3.25(f), the Commission may, without further notice to Respondent, (1) issue its Decision and Order containing the following Order to cease and desist in disposition of the proceeding, and (2) make information about it public. When final, the Order to cease and desist shall have the same force and effect and may be altered, modified, or set aside in the same manner and within the same time provided by statute for other Commission Orders issued on a litigated or stipulated record. The Order shall become final upon service. Delivery of the Decision and Order containing the agreed-to Order to Respondent's address as stated in this Consent Agreement by any means specified in Section 4.4(a) of the Commission's Rules, 16 C.F.R. § 4.4(a), shall constitute service. Respondent waives any right it might have to any other manner of service. The Complaint may be used in construing the terms of the Order, and no agreement, understanding, representation, or interpretation not contained in the Order or in the Consent Agreement may be used to vary or to contradict the terms of the Order.

8. Respondent has read the Order contemplated hereby. Respondent understands that once the Order has been issued, it will be required to file one or more compliance reports showing that it has fully complied with the Order. Respondent further understands that it may be liable for civil penalties in the amount provided by law and other appropriate relief for each violation of the Order after it becomes final.

ORDER

DEFINITIONS

For purposes of this order, the following definitions shall apply:

1. "Consumer," "consumer report" and "consumer reporting agency" shall be defined as provided in Sections 603(c), 603(d) and 603(f) respectively, of the Fair Credit Reporting Act ("FCRA"), 15 U.S.C. §§ 1681a(c), 1681a(d) and 1681a(f).

2. "Application" shall be defined as provided in Sections 202.2(f) of Regulation B, 12 C.F.R. § 202.2(f), or as amended in the future.

3. “Adverse action” shall be defined as provided in Section 603(k) of the FCRA, 15 U.S.C. § 1681a(k), Section 701(d)(6) of the Equal Credit Opportunity Act, 15 U.S.C. § 1691(d)(6), and Section 202.2(c) of Regulation B, 12 C.F.R. § 202.2(c), or as those provisions are amended in the future.

4. “Respondent” shall mean Quicken Loans Inc., a corporation, its successors and assigns, and its officers, agents, representatives, and employees.

5. “Preapproval” shall mean a written or electronic statement by Respondent, after receiving a request from a consumer and analyzing the consumer’s creditworthiness, that the consumer appears to be eligible for a loan from Respondent in a stated amount and on stated terms, subject to conditions. If Regulation B or any appropriate final findings, decisions, commentary, or orders issued under section 701(d)(6) of the Equal Credit Opportunity Act by the Board of Governors of the Federal Reserve System are hereafter amended to include a definition of or a reference to “preapproval” that is inconsistent with this definition, then that definition or reference shall be substituted for this definition to the extent of the inconsistency.

I.

IT IS ORDERED that Respondent, directly or through any corporation, subsidiary, division, or other device, in connection with any application by a consumer for credit, whenever Respondent takes any adverse action with respect to such application, either wholly or partly because of information contained in a consumer report from a consumer reporting agency, unless alternative credit is offered to and accepted by the applicant, shall, as required by Section 615 of the FCRA, 15 U.S.C. § 1681m, provide to the applicant at the time such adverse action is communicated to the applicant or within thirty (30) days thereafter, orally, in writing, or electronically (1) notice of the adverse action; (2) the name, address, and telephone number of the consumer reporting agency (including a toll-free telephone number established by the agency if the agency compiles and maintains files on consumers on a nationwide basis) that furnished the report to the person; (3) a statement that the consumer reporting agency did not make the decision to take the adverse action and is unable to provide the consumer the specific reasons why the adverse action was taken; and (4) notice of the consumer's right

(A) to obtain, under Section 612 of the FCRA, 15 U.S.C. § 1681j, a free copy of a consumer report on the consumer from the consumer reporting agency referred to at (2) above, which notice shall include an indication of the 60-day period under that section for obtaining such a copy; and

(B) to dispute, under Section 611 of the FCRA, 15 U.S.C. § 1681i, with a consumer reporting agency the accuracy or completeness of any information in a consumer report furnished by the agency.

Provided that, Respondent’s failure to grant a request for preapproval that is initiated online shall not be considered an adverse action for purposes of this Part, if Respondent satisfies

all of the following requirements:

- A. At the time it offered the preapproval, Respondent disclosed, clearly and conspicuously and in close proximity to the offer, that (i) preapproval may be granted online or offline, and (ii) the failure to obtain preapproval online would not prevent the consumer from obtaining preapproval offline;
- B. Respondent's online system has not determined, based on the information available online, whether to approve the request for preapproval; and
- C. Respondent provides a clear and conspicuous online notice in response to the request for preapproval stating that:
 - 1. The consumer's request for preapproval has not been declined;
 - 2. Respondent requires additional information from the consumer, including the specific type or types of information required, to the extent it is feasible for Respondent to identify such information, given the technological limitations of Respondent's online system and the loan products that are available on that system, before determining whether to grant the request for preapproval;
 - 3. The manner by which that additional information may be provided;
 - 4. After obtaining the additional information, Respondent will determine whether to grant or decline the request for preapproval, but if, within seven (7) days or a longer time designated by Respondent, the consumer does not provide the requested information, the consumer will have to submit a new request for preapproval if the consumer would like Respondent to give the request further consideration; and
 - 5. If, after receiving the additional information, Respondent determines to deny the request for preapproval based in whole or in part on information in the consumer's credit file at a consumer reporting agency, Respondent will communicate this fact to the consumer.

In the event that Respondent takes adverse action against a consumer after providing the foregoing notice and obtaining a completed application from that consumer, Respondent shall comply with all applicable requirements of Section 615(a) of the FCRA.

II.

IT IS FURTHER ORDERED that Respondent shall, for five (5) years, maintain and upon request make available to the Federal Trade Commission for inspection and copying documents demonstrating compliance with the requirements of Part I of this order, such documents to

include, but not be limited to, all credit evaluation criteria relating to consumer reports, written or electronic instructions given to employees regarding compliance with the provisions of this order, all notices or a written or electronically stored notation of the description of the form of notice and the date such notice was provided to applicants pursuant to any provisions of this order, and the complete application files for all applicants for whom consumer reports were obtained to whom offers of credit are not made or have been withheld, withdrawn, or rescinded based, in whole or in part, on information contained in a consumer report.

III.

IT IS FURTHER ORDERED that Respondent Quicken Loans Inc. shall deliver a copy of this order to all current and future principals, officers, and directors, and to all current and future managers, employees, agents, and representatives having decision-making responsibilities with respect to the subject matter of this order, and shall secure from each such person a signed and dated statement acknowledging receipt of the order. Respondent shall deliver this order to such current personnel within thirty (30) days after the date of service of this order, and to such future personnel within thirty (30) days after the person assumes such position or responsibilities.

IV.

IT IS FURTHER ORDERED that Respondent Quicken Loans Inc. and its successors and assigns shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a change in the corporate name or address. Provided, however, that, with respect to any proposed change in the corporation about which Respondent learns less than thirty (30) days prior to the date such action is to take place, Respondent shall notify the Commission as soon as is practicable after obtaining such knowledge. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580.

V.

IT IS FURTHER ORDERED that Respondent Quicken Loans Inc. shall, within sixty (60) days after the date of service of this order, and at such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order.

VI.

This order will terminate twenty (20) years from the date of its issuance, or twenty (20) years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; provided, however, that the filing of such a complaint will not affect the duration of:

- A. Any Part in this order that terminates in less than twenty (20) years;
- B. This order's application to any Respondent that is not named as a defendant in such complaint; and
- C. This order if such complaint is filed after the order has terminated pursuant to this Part.

Provided, further, that if such complaint is dismissed or a federal court rules that the Respondent did not violate any provision of the order, and the dismissal or ruling is either not appealed or upheld on appeal, then the order will terminate according to this Part as though the complaint had never been filed, except that the order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

Signed this _____ day of _____ 2002.

Quicken Loans Inc., a corporation

By : _____
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Chairman

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FEDERAL TRADE COMMISSION

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