

Press Release

November 28, 2017

Federal Reserve Board issues consent order against Peoples Bank

For release at 3:00 p.m. EST

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The Federal Reserve Board on Tuesday issued a Consent Order against Peoples Bank ("Peoples"), Lawrence, Kansas, for deceptive residential mortgage origination practices in violation of section 5 of the Federal Trade Commission Act. Peoples told certain borrowers that they were paying an additional amount for discount points that would lower the borrowers' interest rate. In fact, many borrowers did not receive a reduced rate. The Consent Order requires Peoples to pay approximately \$2.8 million into an account to provide restitution to these borrowers.

Under the terms of the Consent Order, Peoples will be required to refund all payments for discount points that did not reduce borrowers' interest rates, and avoid violations of section 5 of the Federal Trade Commission Act in the future.

The deceptive practices at issue were centered within Peoples' national mortgage business, which is in the process of being wound down.

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