

Office of
Mortgage Settlement
Oversight

Update on SunTrust's Consumer Relief and Compliance

A Report from the Monitor of the National Mortgage Settlement



May 19, 2016

Executive Summary

The following report is an overview of SunTrust's progress under the National Mortgage Settlement (NMS or Settlement) that includes:

- A summary of SunTrust's progress toward satisfying its consumer relief obligation under the NMS through the first half of 2015.
- A review of SunTrust's compliance with the servicing standards, or rules, outlined in the Settlement for the second half of 2015.

SunTrust Consumer Relief	SunTrust Metrics Compliance
July 1, 2013 - June 30, 2015	July 1, 2015 - December 31, 2015

As a result of my reviews, I have credited SunTrust with \$370,474,005 in total consumer relief credit. This marks relief to 16,921 borrowers through June 30, 2015. Under the Settlement, by September 30, 2017, SunTrust must earn:

- \$475 million in consumer relief credit by providing mortgage relief to distressed borrowers and establishing a mortgage origination program
- \$25 million in consumer relief credit by refinancing the mortgages of current borrowers who would not otherwise qualify for a refinance

Without taking into account any minimums or caps applicable to creditable activity or the allocation of excess relief under Servicer's Refinance Program, SunTrust has now met its obligation for the Refinancing Program and approximately 69 percent of its obligation relating to consumer relief activity other than the Refinancing Program.

I have also concluded that SunTrust did not fail any of the compliance metrics I tested for the second half of 2015.

To evaluate SunTrust, I worked with a team of professionals. SunTrust followed a work plan in which its internal review group (IRG) determined whether the servicer complied with the Settlement's terms. My professionals and I then reviewed the work of servicer's IRG. I determined that the IRG's work was satisfactory and reported my findings to the Court and the public. For more information about the oversight and review process, please see my [**previous reports**](#).

Sincerely,



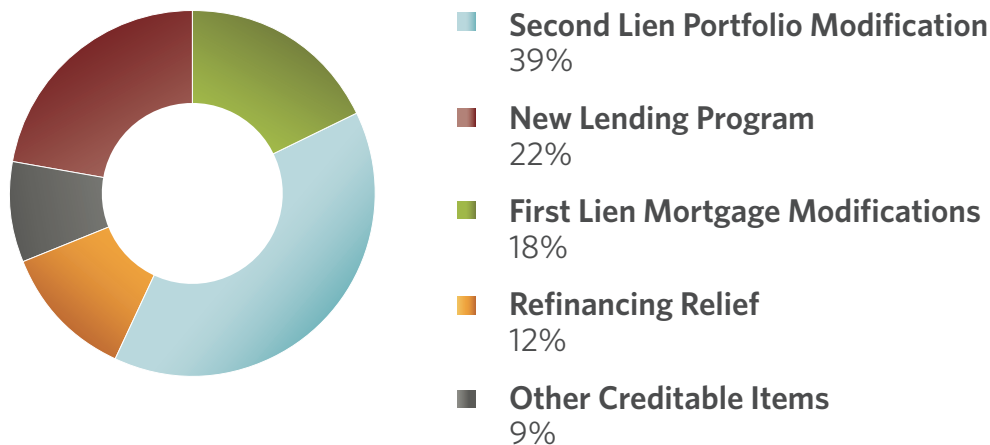
Joseph A. Smith, Jr.

Consumer Relief Assertion

SunTrust is required to provide \$500 million in consumer relief by September 30, 2017. Under the Settlement, mortgage loan relief to distressed borrowers must make up \$475 million of the consumer relief, and \$25 million must be part of a refinancing program to current borrowers who would not otherwise qualify for a refinance under SunTrust's generally available refinancing programs. For more details, view the Settlement agreement [here](#).

As a result of the testing described below, SunTrust's IRG has validated credit in the amount of \$370,474,005 as a result of relief on 16,921 loans. Approximately 75 percent of the claimed credit was a result of loans in SunTrust's mortgage loan portfolio that are held for investment. Eighteen percent of SunTrust's claimed credit was through First Lien Mortgage Modifications, 39 percent was through Second Lien Portfolio Modification, 12 percent was through refinancing relief, 22 percent was through the New Lending program and nine percent was through short sales, deed-in-lieu and other types of consumer relief.

Total Claimed Credit



My primary professional firm (PPF), BDO Consulting, a division of BDO USA, LLP, reviewed SunTrust's IRG's assertion and tested each loan in the IRG's sample from each testing population.

The difference between the amounts of relief claimed by SunTrust and the amounts calculated by BDO were within the two percent error

tolerance contemplated by the Work Plan. Therefore, BDO and I determined that SunTrust's IRG correctly validated SunTrust's consumer relief credit amounts.

This table sets out a breakdown, by type of relief, of the sample testing conducted by BDO.

Testing Population	Loans Reviewed by PPF	Servicer's Reported Credit Amount	Actual Credit Amount PPF Calculated	Amount Overstated/ (Understated)	Percentage Overstated/ (Understated)
First Lien Mortgage Modifications	186	\$28,635,535	\$28,454,908	\$180,627	0.6%
Second Lien Portfolio Modifications	317	\$6,139,254	\$6,118,178	\$21,076	0.3%
Refinancing Program	273	\$7,015,172	\$7,005,436	\$9,736	0.1%
Other Credits	258	\$6,785,068	\$6,757,881	\$27,187	0.4%
New Lending Program	313	\$4,276,875	\$4,276,875	-	-

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Consumer Relief Testing Results

BDO documented its findings in its work papers and reported them to me. After BDO and I conducted an in-depth review of both the IRG’s and BDO’s work papers, I found that SunTrust is entitled to the credit claimed. As a result, I have credited SunTrust with an additional \$362,646,294 toward its consumer relief obligation, bringing

the total amount of credit it has earned under the Settlement to \$370,474,005. Additionally, SunTrust has exceeded the amount of credit it was required to earn through a refinance program.

This chart shows, by type of relief, the amount of credit SunTrust has earned to date:

Type of Relief	Number of Loans	Earned Credit Amount to Date
First Lien Mortgage Modifications	454	\$68,670,465
Second Lien Portfolio Modifications	7,740	\$142,931,313
Refinancing Program	1,600	\$42,778,768
Other Creditable Items	1,162	\$35,069,085
New Lending Program	5,965	\$81,024,375
Total Consumer Relief Programs	16,921	\$370,474,005 ¹

¹Any dollar differences in totals are the result of rounding.

Servicing Standards Compliance

I also evaluated SunTrust using metrics, or tests, enumerated in the Settlement. These metrics determine whether SunTrust adhered to the 304 servicing standards, or rules, contained in the NMS.

The work to test SunTrust’s compliance with the metrics in the third and fourth quarter 2015 involved 43 professionals, including my primary professional firm, my secondary professional firm and other professionals who dedicated approximately 21,470 hours over a six-month period.

This report covers SunTrust’s compliance with 31² tested metrics under the NMS during the third and fourth quarter 2015.

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²There are 34 metrics in total. Policy and procedure metrics are tested annually, and three of which were not tested during this reporting period.

Metrics Compliance

Neither SunTrust’s IRG nor my professionals found evidence of fails for any of the metrics tested in the third and fourth quarters 2015.

SCORECARD:

SunTrust

The Monitor’s Secondary Professional Firm (SPF) assigned to Suntrust, Crowe Chizek, LLP, tested the IRG’s work on 31 metrics during the third and fourth quarters 2015. The chart below illustrates the results of the IRG’s tests.

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METRIC NAME	METRIC NUMBER	TEST PERIOD	THRESHOLD ERROR RATE	RESULT (ERROR RATE IF FAILED)	METRIC NAME	METRIC NUMBER	TEST PERIOD	THRESHOLD ERROR RATE	RESULT (ERROR RATE IF FAILED)
Foreclosure sale in error	1 (1.A)	Q3 2015 Q4 2015	1.00% 1.00%	Pass Pass	Complaint response timeliness	18 (6.A)	Q3 2015 Q4 2015	5.00% 5.00%	Pass Pass
Incorrect modification denial	2 (1.B)	Q3 2015 Q4 2015	5.00% 5.00%	Pass Pass	Loan modification document collection timeline compliance	19 (6.B.i)	Q3 2015 Q4 2015	5.00% 5.00%	Pass Pass
Affidavit of Indebtedness (AOI) preparation	3 (2.A)	Q3 2015 Q4 2015	5.00% 5.00%	Pass Pass	Loan modification decision/ notification timeline compliance	20 (6.B.ii)	Q3 2015 Q4 2015	10.00% 10.00%	Pass Pass
Proof of Claim (POC)	4 (2.B)	Q3 2015 Q4 2015	5.00% 5.00%	Pass Pass	Loan modification appeal timeline compliance	21 (6.B.iii)	Q3 2015 Q4 2015	10.00% 10.00%	Pass Pass
Motion for Relief from Stay (MRS) affidavits	5 (2.C)	Q3 2015 Q4 2015	5.00% 5.00%	Pass Pass	Short Sale decision timeline compliance	22 (6.B.iv)	Q3 2015 Q4 2015	10.00% 10.00%	Pass Pass
Pre-foreclosure initiation	6 (3.A)	Q3 2015 Q4 2015	5.00% 5.00%	Pass Pass	Short Sale document collection timeline compliance	23 (6.B.v)	Q3 2015 Q4 2015	5.00% 5.00%	Pass Pass
Pre-foreclosure initiation notifications	7 (3.B)	Q3 2015 Q4 2015	5.00% 5.00%	Pass Pass	Charge of application fees for loss mitigation	24 (6.B.vi)	Q3 2015 Q4 2015	1.00% 1.00%	Pass Pass
Fee adherence to guidance	8 (4.A)	Q3 2015 Q4 2015	5.00% 5.00%	Pass Pass	Short Sale inclusion notice for deficiency	25 (6.B.vii.a)	Q3 2015 Q4 2015	5.00% 5.00%	Pass Pass
Adherence to customer payment processing	9 (4.B)	Q3 2015 Q4 2015	5.00% 5.00%	Pass Pass	Dual track referred to foreclosure	26 (6.B.viii.a)	Q3 2015 Q4 2015	5.00% 5.00%	Pass Pass
Reconciliation of certain waived fees	10 (4.C)	Q3 2015 Q4 2015	5.00% 5.00%	Pass Pass	Dual track failure to postpone foreclosure	27 (6.B.viii.b)	Q3 2015 Q4 2015	5.00% 5.00%	Pass Pass
Late fees adherence to guidance	11 (4.D)	Q3 2015 Q4 2015	5.00% 5.00%	Pass Pass	Force-placed insurance timeliness of notices	28 (6.C.i)	Q3 2015 Q4 2015	5.00% 5.00%	Pass Pass
Third-party vendor management	12 (5.A)	Q3 2015 Q4 2015	N/A N/A	Pass Pass	Force-placed insurance termination	29 (6.C.ii)	Q3 2015 Q4 2015	5.00% 5.00%	Pass Pass
Customer portal	13 (5.B)	Q3 2015 Q4 2015	N/A N/A	Pass Pass	Loan modification process	30 (7.A)	Q3 2015 Q4 2015	5.00% 5.00%	Pass Pass
Single Point of Contact (SPOC)*	14 (5.C)	Q3 2015 Q4 2015	5.00% 5.00%	Pass Pass	Loan modification denial notice disclosure	31 (7.B)	Q3 2015 Q4 2015	5.00% 5.00%	Pass Pass
Workforce management	15 (5.D) **	Q3 2015 Q4 2015	N/A N/A	X X	SPOC implementation and effectiveness***	32 (7.C)	Q3 2015 Q4 2015	5.00% 5.00%	Pass Pass
Affidavit of Indebtedness (AOI) integrity	16 (5.E) **	Q3 2015 Q4 2015	N/A N/A	X X	Billing statement accuracy	33 (7.D)	Q3 2015 Q4 2015	5.00% 5.00%	Pass Pass
Account status activity	17 (5.F) **	Q3 2015 Q4 2015	N/A N/A	X X	Disclosure of personally identifiable information in POC	34 (2.D)	Q3 2015 Q4 2015	3.50% 3.50%	Pass Pass

*Test question 4 only. **Policy and procedure metric that is tested once a year. ***Test Question 1 only. N/A: Threshold error rate not applicable. X: Metric was not tested in that specific test period.

See **Appendix i** for larger version

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SunTrust has made significant progress toward fulfilling its consumer relief obligation and did not fail any metrics during the second half of 2015. I will continue to monitor SunTrust’s compliance with the NMS Servicing Standards and its progress toward fulfilling its consumer relief obligations. I will report my additional findings to the Court and the public later this year.

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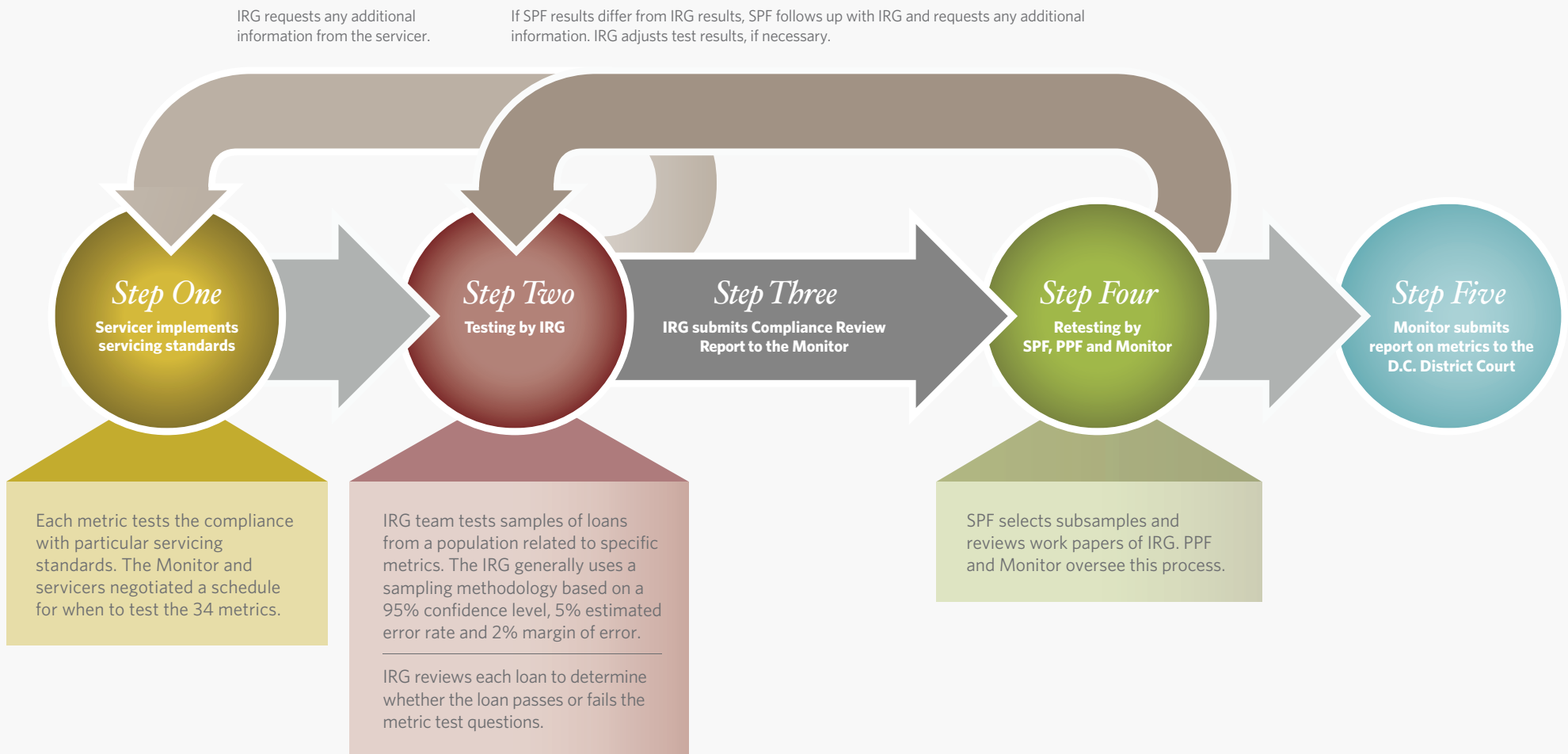
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		Q4 2015	N/A	X			Q4 2015	3.50%	Pass

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MONITOR'S ROLE:

Testing a Metric

The Internal Review Groups tested, and my professional firms retested, the SunTrust's performance on each metric. The graphic below illustrates the process by which the metrics were tested.



FAILS:

What's Next?

The NMS defines a failed metric as a potential violation and gives the servicer a chance to fix the root causes of its failure. For more information on what happens when a servicer fails a metric, see the graphic below.

