

Office of
Mortgage Settlement
Oversight

*Update on SunTrust's
Compliance*



June 5, 2018

Executive Summary

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

This report includes a review of SunTrust's compliance with the Settlement's servicing standards for the second half of 2017.

I have reviewed SunTrust's internal review group's (IRG) compliance metric testing results and concluded that SunTrust did not fail any of the compliance metrics I tested for the third and fourth quarters of 2017. I have also determined, based on further work that I required SunTrust to undertake, that SunTrust has completed the remediation of borrower harm caused by the failure of Metric 4 in each of the four quarters of 2016.

I will continue to monitor and report on SunTrust's compliance with the servicing standards.

To evaluate SunTrust, I work with a team of professionals. SunTrust followed a work plan in which the IRG determined whether the servicer complied with the Settlement terms. My professionals and I then reviewed the work of the 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.

Servicing Standards Compliance

I evaluated SunTrust's compliance with the Settlement's servicing standards using the 34 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 in the third and fourth quarters of 2017 involved 35 professionals, including my primary professional firm, secondary professional firm and other professionals who dedicated approximately 16,310 hours.

This report covers the third and fourth quarters of 2017, and I tested SunTrust on up to 31 metrics in these quarters.

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 in the Appendix. I also included information on metric fails and corrective action plans (CAPs) in my [previous reports](#).

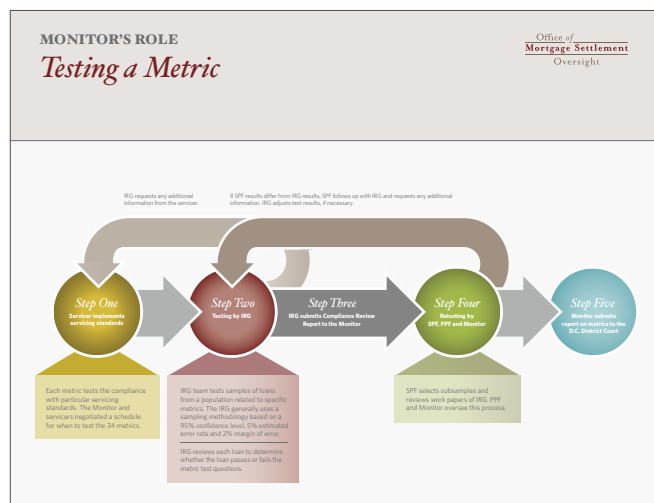
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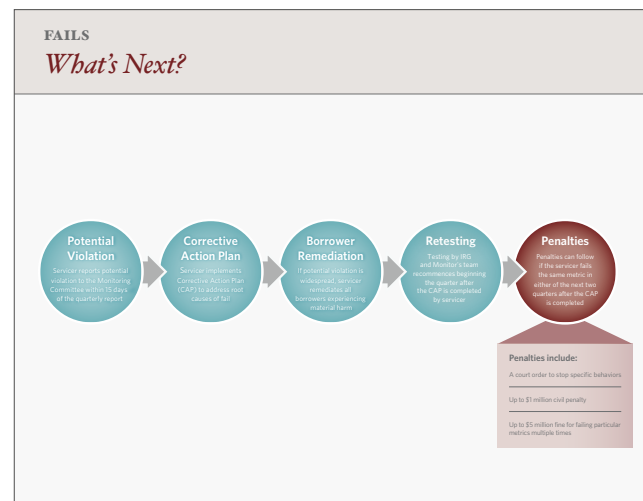
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See [Appendix i](#) for larger version



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SunTrust Results

Neither SunTrust's IRG nor my professionals found evidence of fails for any of the metrics tested in the third and fourth quarters of 2017.

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The Monitor's Secondary Professional Firm (SPF) assigned to SunTrust, Crowe Horwath, LLP, tested the IRG's work on up to 31 metrics during the third and fourth quarters 2017. 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 2017 Q4 2017	1.00% 1.00%	Pass Pass	Complaint response timeliness	18 (6.A)	Q3 2017 Q4 2017	5.00% 5.00%	Not Tested* Pass
Incorrect modification denial	2 (1.B)	Q3 2017 Q4 2017	5.00% 5.00%	Pass Pass	Loan modification document collection timeline compliance	19 (6.B.i)	Q3 2017 Q4 2017	5.00% 5.00%	Pass Pass
Affidavit of Indebtedness (AOI) preparation	3 (2.A) *	Q3 2017 Q4 2017	5.00% Pass/Fail 5.00% Pass/Fail	Pass Pass	Loan modification decision/ notification timeline compliance	20 (6.B.ii)	Q3 2017 Q4 2017	10.00% 10.00%	Pass Pass
Proof of Claim (POC)	4 (2.B)	Q3 2017 Q4 2017	5.00% 5.00%	Pass Pass	Loan modification appeal timeline compliance	21 (6.B.iii)	Q3 2017 Q4 2017	10.00% 10.00%	Pass Pass
Motion for Relief from Stay (MRS) affidavits	5 (2.C)	Q3 2017 Q4 2017	5.00% 5.00%	Pass Pass	Short Sale decision timeline compliance	22 (6.B.iv)	Q3 2017 Q4 2017	10.00% 10.00%	Pass Pass
Pre-foreclosure initiation	6 (3.A)	Q3 2017 Q4 2017	5.00% 5.00%	Pass Pass	Short Sale document collection timeline compliance	23 (6.B.v)	Q3 2017 Q4 2017	5.00% 5.00%	Pass Pass
Pre-foreclosure initiation notifications	7 (3.B)	Q3 2017 Q4 2017	5.00% 5.00%	Pass Pass	Charge of application fees for loss mitigation	24 (6.B.vi)	Q3 2017 Q4 2017	1.00% 1.00%	Pass Pass
Fee adherence to guidance	8 (4.A)	Q3 2017 Q4 2017	5.00% 5.00%	Pass Pass	Short Sale inclusion notice for deficiency	25 (6.B.vii.a)	Q3 2017 Q4 2017	5.00% 5.00%	Pass Pass
Adherence to customer payment processing	9 (4.B)	Q3 2017 Q4 2017	5.00% 5.00%	Pass Pass	Dual track referred to foreclosure	26 (6.B.viii.a)	Q3 2017 Q4 2017	5.00% 5.00%	Pass Pass
Reconciliation of certain waived fees	10 (4.C)	Q3 2017 Q4 2017	5.00% 5.00%	Pass Pass	Dual track failure to postpone foreclosure	27 (6.B.viii.b)	Q3 2017 Q4 2017	5.00% 5.00%	Pass Pass
Late fees adherence to guidance	11 (4.D)	Q3 2017 Q4 2017	5.00% 5.00%	Pass Pass	Force-placed insurance timeliness of notices	28 (6.C.i)	Q3 2017 Q4 2017	5.00% 5.00%	Pass Pass
Third-party vendor management	12 (5.A) **	Q3 2017 Q4 2017	Pass/Fail Pass/Fail	Pass Pass	Force-placed insurance termination	29 (6.C.ii)	Q3 2017 Q4 2017	5.00% 5.00%	Pass Pass
Customer portal	13 (5.B) **	Q3 2017 Q4 2017	Pass/Fail Pass/Fail	Pass Pass	Loan modification process	30 (7.A)	Q3 2017 Q4 2017	5.00% 5.00%	Pass Pass
Single Point of Contact (SPOC)*	14 (5.C) ***	Q3 2017 Q4 2017	5.00% Pass/Fail 5.00% Pass/Fail	Pass Pass	Loan modification denial notice disclosure	31 (7.B)	Q3 2017 Q4 2017	5.00% 5.00%	Pass Pass
Workforce management	15 (5.D) ****	Q3 2017 Q4 2017	Pass/Fail Pass/Fail	Not Tested Not Tested	SPOC implementation and effectiveness***	32 (7.C) *****	Q3 2017 Q4 2017	5.00% ¹ 5.00% ²	Pass Pass
Affidavit of Indebtedness (AOI) integrity	16 (5.E) ****	Q3 2017 Q4 2017	Pass/Fail Pass/Fail	Not Tested Not Tested	Billing statement accuracy	33 (7.D)	Q3 2017 Q4 2017	5.00% 5.00%	Pass Pass
Account status activity	17 (5.F) ****	Q3 2017 Q4 2017	Pass/Fail Pass/Fail	Not Tested Not Tested	Disclosure of Personally Identifiable Information in POC	34 (2.D)	Q3 2017 Q4 2017	3.50% 3.50%	Pass Pass

*Indicates a Metric with two questions, one of which is tested on an overall yes/no basis (i.e., not on a loan-level basis). **Indicates a P&P Metric that is tested quarterly on an overall yes/no basis. ***Indicates a Metric with three questions, two of which are tested quarterly on an overall yes/no basis. ****Test Question 4 only. *****Test Question 1 only. Not Tested: This Metric was not tested in that specific period because servicer did not have any loans that met the testing population criteria.

Appendix iii

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Update on SunTrust's Corrective Actions

Metric 4

This metric tests the accuracy of information on Proof of Claims (POCs) filed in Bankruptcy Court. As I noted in prior reports, I rejected SunTrust's test results for Metric 4 in the fourth quarter of 2015 and all four quarters of 2016 because SunTrust had changed official Bankruptcy Form 410A (the Mortgage Proof of Claim Attachment) to provide information differently than contemplated by the official form.

I required SunTrust to perform an analysis of all POCs filed from December 2015 through March 2017 to correct the Form 410A and to determine whether there were differences in the original incorrectly prepared form and the corrected form. The results of this analysis showed that SunTrust had exceeded the Threshold Error Rate for Metric 4 in all four calendar quarters of 2016, and that the failure was widespread in each of those quarters.

As noted in my prior report, I confirmed that SunTrust passed Metric 4 during the cure period, which was the second quarter of 2017.

Remediation

Because the failure was widespread, I required SunTrust to file amended POCs in all active bankruptcies where the errors on the original, incorrectly prepared forms were greater than \$1. In addition, I required SunTrust to make refunds to borrowers from whom SunTrust had collected more than the borrower actually owed based on the incorrect forms. Finally, for those borrowers who were no longer active in bankruptcy, I required SunTrust to mail letters to the borrowers and the bankruptcy Trustees informing them of the errors in the original forms and providing the borrowers the opportunity to contact SunTrust if the borrower suffered any damage as a result of the errors.

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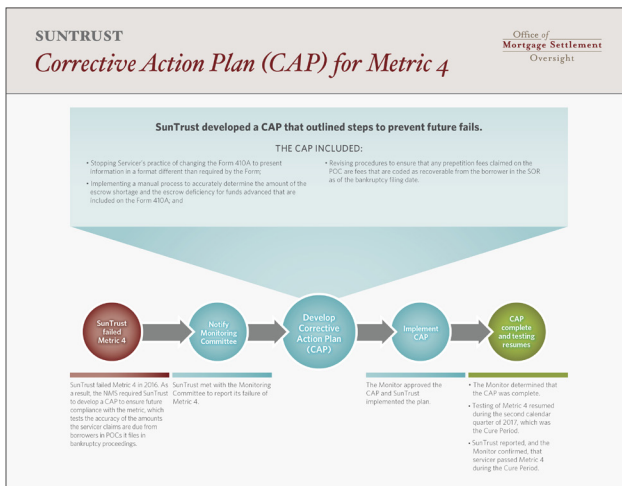
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SunTrust submitted its proposed Remediation Plan in November 2017. My professionals and I reviewed, and I approved SunTrust's Remediation Plan, and SunTrust satisfactorily implemented the remediation. My professionals and I reviewed and determined that SunTrust's remediation was completed in May 2018.



See **Appendix iv** for larger version

Conclusion

SunTrust continues to make progress under the NMS. I will continue to monitor SunTrust's compliance with the Servicing Standards and will report on my review of the final testing period (the first quarter of 2018) to the Court and the public later this year.

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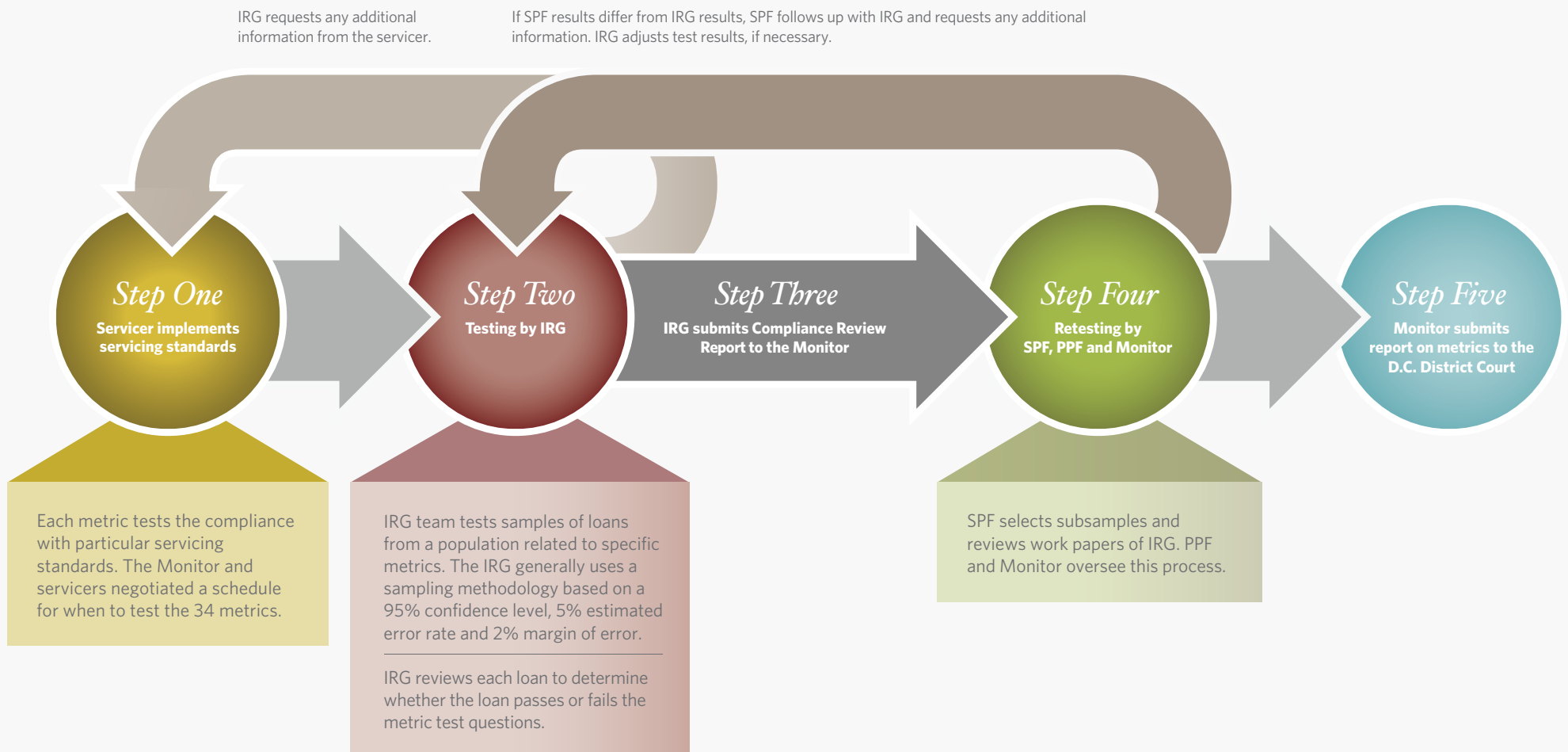
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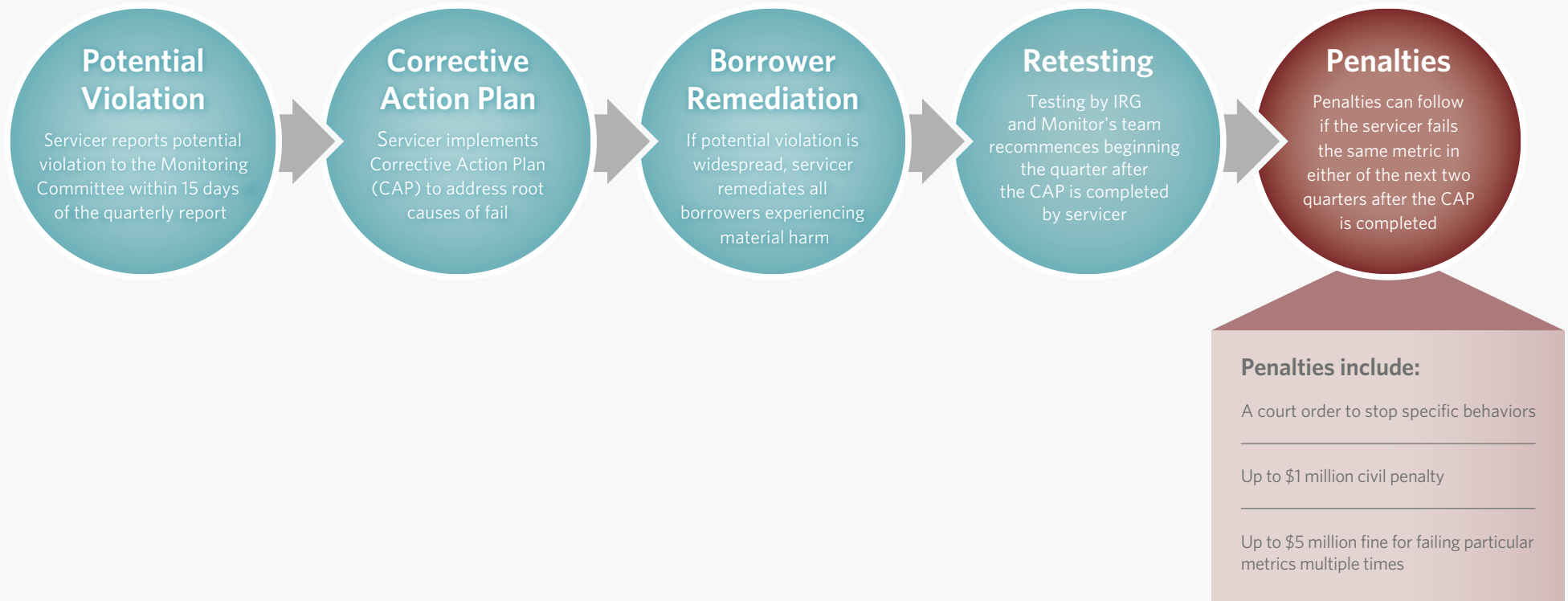
Appendix

Testing a Metric



FAILS

What's Next?



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Corrective Action Plan (CAP) for Metric 4

SunTrust developed a CAP that outlined steps to prevent future fails.

THE CAP INCLUDED:

- Stopping Servicer's practice of changing the Form 410A to present information in a format different than required by the Form;
- Implementing a manual process to accurately determine the amount of the escrow shortage and the escrow deficiency for funds advanced that are included on the Form 410A; and
- Revising procedures to ensure that any prepetition fees claimed on the POC are fees that are coded as recoverable from the borrower in the SOR as of the bankruptcy filing date.



SunTrust failed Metric 4 in 2016. As a result, the NMS required SunTrust to develop a CAP to ensure future compliance with the metric, which tests the accuracy of the amounts the servicer claims are due from borrowers in POCs it files in bankruptcy proceedings.

SunTrust met with the Monitoring Committee to report its failure of Metric 4.

The Monitor approved the CAP and SunTrust implemented the plan.

- The Monitor determined that the CAP was complete.
- Testing of Metric 4 resumed during the second calendar quarter of 2017, which was the Cure Period.
- SunTrust reported, and the Monitor confirmed, that servicer passed Metric 4 during the Cure Period.