



News From the FAMP Government Affairs Committee

CONSUMER FINANCIAL PROTECTION BUREAU, FEDERAL PARTNERS, AND STATE ATTORNEYS GENERAL FILE ORDER REQUIRING SUNTRUST TO PROVIDE \$540 MILLION IN RELIEF TO HOMEOWNERS FOR SERVICING WRONGS

Company Also Ordered to Pay \$10 Million for Servicing Misconduct and Fined \$418 Million by the DOJ

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WASHINGTON, D.C. - Today the Consumer Financial Protection Bureau (CFPB), Department of Justice (DOJ), Department of Housing and Urban Development (HUD), and attorneys general in 49 states and the District of Columbia filed a proposed federal court order requiring SunTrust Mortgage, Inc. to provide \$500 million in loss-mitigation relief to underwater borrowers. The order also requires SunTrust to pay \$40 million to approximately 48,000 consumers who lost their homes to foreclosure and \$10 million to the federal government. The order addresses systemic mortgage servicing misconduct, including robo-signing and illegal foreclosure practices. SunTrust must also

pay a \$418 million penalty, in a parallel mortgage lending filing announced by DOJ today.

"Deceptive and illegal mortgage servicing practices have pushed families into foreclosure and devastated communities across the nation," said CFPB Director Richard Cordray. "Today's action will help homeowners and consumers harmed by SunTrust's unlawful foreclosure practices. The Consumer Bureau will continue to investigate mortgage servicers that mistreat consumers, and we will not hesitate to take action against any company that violates our new servicing rules."

SunTrust is a mortgage lender and servicer headquartered in Richmond, Va., and is a wholly-owned subsidiary of Atlanta-based SunTrust Banks, Inc. As a mortgage servicer, it is responsible for collecting payments from the mortgage borrower on behalf of the owner of the loan. It handles customer service, collections, loan modifications, and foreclosures.

The CFPB, DOJ, HUD, and state attorneys general uncovered substantial evidence that SunTrust was engaged in systemic mortgage servicing misconduct. According to the complaint filed in the federal district court in the District of Columbia, SunTrust's illegal practices put thousands of people at risk of losing their homes. Specifically, the complaint alleges that SunTrust:

- Took advantage of homeowners with servicing shortcuts and unauthorized fees: SunTrust failed to promptly and accurately apply payments made by borrowers, and charged unauthorized fees for default-related services.
- Deceived homeowners about foreclosure alternatives and improperly denied loan modifications: SunTrust failed to provide accurate information about loan modification and other loss-mitigation services, failed to properly process borrowers' applications and calculate their eligibility for loan modifications, and provided false or misleading reasons for denying loan modifications.
- Engaged in illegal foreclosure practices: SunTrust provided false or misleading information to consumers about the status of foreclosure proceedings where the borrower was in good faith actively pursuing a loss mitigation alternative also offered by SunTrust. The company also robo-signed foreclosure documents, including preparing and filing affidavits whose signers had not actually reviewed any information to verify the claims.

Enforcement Action

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act,

the CFPB has the authority to take action against institutions engaging in unfair, deceptive, or abusive practices. Today's proposed court order, filed in federal district court in the District of Columbia, would require SunTrust to correct their practices and provide relief to harmed consumers. Under the terms of the order, SunTrust must:

- Provide at least \$500 million in relief to underwater borrowers: Over a three-year period, SunTrust must provide more than \$500 million in loss mitigation relief to consumers, including reducing the principal on mortgages for borrowers who are at risk of default and reducing mortgage interest rates for homeowners who are current but underwater on their mortgages. If SunTrust fails to meet this requirement, it must pay a cash penalty equal to at least 125 percent of the shortfall.
- Provide \$40 million in refunds to foreclosure victims: SunTrust must refund \$40 million to consumers whose loans it serviced who lost their homes to foreclosure between Jan. 1, 2008 to Dec. 31, 2013. All consumers who submit valid claims will receive an equal share of the \$40 million. Borrowers who receive payments will not have to release any claims and will be free to seek additional relief in the courts. Eligible consumers can expect to hear from the settlement administrator about potential payments later this year.
- Pay \$10 million to the federal government: SunTrust must pay \$10 million to cover losses it caused to the Federal Housing Administration, Department of Veterans Affairs, and the Rural Housing Service.
- Homeowner protections: Today's order will require SunTrust to establish additional homeowner protections, including protections for consumers in bankruptcy. Like other servicers, SunTrust is subject to the CFPB's new mortgage servicing rules that took effect on January 10, 2014. The agreement only covers SunTrust's violations before the new rules took effect, and does not prevent the CFPB from pursuing civil enforcement actions against SunTrust for violations of these rules.

A copy of the SunTrust complaint that was also filed in the federal court in the District of Columbia will be posted at: <http://www.consumerfinance.gov/>
The complaint is not a finding or ruling that the defendants have actually violated the law. The proposed federal court order will have the full force of law only when signed by the presiding judge.

The settlement administrator will be in touch with eligible consumers who lost their homes to foreclosure between Jan. 1, 2008 and Dec. 31, 2013. Consumers who are interested in loss mitigation should contact SunTrust at 1-800-634-7928 or by email through the SunTrust Mortgage, Inc. support page

at www.SunTrustMortgage.com.