



THE COMMON LAW IS THE WILL OF *Mankind* ISSUING FROM THE *Life* OF THE *People*

THE UNITED STATES  
DEPARTMENT OF JUSTICE

SEARCH THE SITE

SEARCH

HOME ABOUT AGENCIES BUSINESS RESOURCES NEWS CAREERS CONTACT

Home » Briefing Room » Justice News

Printer Friendly

JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Thursday, July 3, 2014

**SunTrust Mortgage Agrees to \$320 Million Settlement**

*Money Will Provide Relief to Harmed Borrowers and Establish Prevention Fund*

The Department of Justice today announced an agreement with SunTrust Mortgage Inc. that resolves a criminal investigation of SunTrust's administration of the Home Affordable Modification Program (HAMP).

As detailed in documents filed today, SunTrust misled numerous mortgage servicing customers who sought mortgage relief through HAMP. Specifically, SunTrust made material misrepresentations and omissions to borrowers in HAMP solicitations, and failed to process HAMP applications in a timely fashion. As a result of SunTrust's mismanagement of HAMP, thousands of homeowners who applied for a HAMP modification with SunTrust suffered serious financial harms.

SunTrust has agreed to pay \$320 million to resolve the criminal investigation into SunTrust's HAMP Program. The money is divided as follows:

- **Restitution** – SunTrust will pay \$179 million in restitution to compensate borrowers for damage caused by its mismanagement of HAMP. That money will be distributed to borrowers in eight pre-determined categories of harm. If more than \$179 million is needed, the bank will also guarantee an additional \$95 million for additional restitution. SunTrust will also pay \$10 million in restitution directly to Fannie Mae and Freddie Mac.
- **Forfeiture** – SunTrust will pay \$16 million in forfeiture. This money will be available to law enforcement agencies working on mortgage fraud and other matters related to the misuse of TARP funds.
- **Prevention** – SunTrust will pay \$20 million to establish a fund for distribution to organizations providing counseling and other services to distressed homeowners. Specifically, SunTrust will pay this amount to a grant administrator selected by the government, which funds will in turn be awarded to housing counseling agencies and other non-profits devoted to consumer counseling and advocacy.

In addition to the significant payment, SunTrust has agreed to implement certain remedial measures aimed at preventing future problems like those that led to this investigation. Specifically, it will increase loss mitigation staff, monitor their mortgage modification process, and provide semi-annual reports regarding compliance with the agreement.

This settlement makes clear the Department's commitment to supplementing its enforcement work with support for prevention programs. The grant fund established by this settlement will help distressed homeowners avoid the harms that befell SunTrust customers. This is real relief for housing agencies, which will compete for grants to increase their counseling and other services to homeowners across the country.

"Instead of helping distressed homeowners, SunTrust's mismanagement drove up foreclosures, decimated individual credit and increased costs for hardworking men and women across our nation," said Attorney General Eric Holder. "This resolution will provide much-needed restitution for victims. It will make available substantial funds to help other homeowners avoid foreclosure. And it will result in the kinds of systemic changes needed to ensure that this will not happen again. This outcome demonstrates yet again that the Justice Department will never waver in its ongoing pursuit of those whose reckless and willful actions harm the American people and undermine our financial markets."

"The \$320 million resolution of this long-running investigation requires SunTrust Mortgage to compensate its customers for the harm caused by the company's false promises in administration of the Home Affordable Modification Program in 2009 and 2010 – conduct thoroughly described in the Statement of Facts that accompanies the settlement documents,"

DEPARTMENT OF JUSTICE  
ACCOMPLISHMENTS

OPEN GOVERNMENT  
AT THE  
DEPARTMENT OF JUSTICE

SMART  
ON  
CRIME



JUSTICE.GOV *en ESPAÑOL*



DEPARTMENT OF JUSTICE  
ACTION CENTER

[Report a Crime](#)

[Get a Job](#)

[Locate a Prison, Inmate, or Sex Offender](#)

[Apply for a Grant](#)

[Submit a Complaint](#)

[Report Waste, Fraud, Abuse or Misconduct to the Inspector General](#)

[Find Sales of Seized Property](#)

[Find Help and Information for Crime Victims](#)

[Register, Apply for Permits, or Request Records](#)

[Identify Our Most Wanted Fugitives](#)

[Find a Form](#)

[Report and Identify Missing Persons](#)

[Contact Us](#)

U.S. Attorney Timothy J. Heaphy said today. "Up to \$284 million will be paid in restitution directly to the victims of SunTrust's conduct. SunTrust will also establish a \$20 million grant fund which will be distributed to agencies working with distressed homeowners and provide \$16 million in asset forfeiture funds that will be used by law enforcement for future mortgage fraud investigations. The company has also agreed to make specific changes in its operations designed to prevent similar problems in the future.



"SunTrust has done the right thing by agreeing to this novel package of restitution, remediation, and prevention, which represents a significant victory not only for SunTrust customers, but also for Americans who will receive counseling and other assistance when faced with financial challenges," U.S. Attorney Heaphy said. "This settlement demonstrates the commitment of the Department of Justice and the Special Inspector General for the Troubled Asset Relief Program to hold financial institutions accountable and provide restitution to those harmed by their conduct."

STAY CONNECTED
Sign up for E-Mail Updates
Subscribe to News Feeds
Facebook Twitter YouTube

"Today's agreement with SunTrust underlines the importance of holding accountable those individuals and companies who pledge to ensure that homeowners are protected at all times; especially during times when the homeowner is seeking to save their home through a loan modification. SunTrust has conceded that their HAMP program had numerous deficiencies and has harmed a significant amount of homeowners. This behavior will not be tolerated. We are proud to have worked with our law enforcement partners on this case," said Michael P. Stephens, Acting Inspector General of the Federal Housing Finance Agency Office of Inspector General.

"HAMP was designed to be a beacon of hope and opportunity for homeowners in dire straits, but TARP recipient SunTrust, rather than assist homeowners in need, financially ruined many through an utter dereliction of its HAMP program," said Christy Romero, Special Inspector General for TARP (SIGTARP). "This criminal investigation uncovered that SunTrust so bungled its administration of the program, that many homeowners would have been exponentially better off having never applied through the bank in the first place. Unwilling to put resources into HAMP despite holding billions in TARP funds, SunTrust put piles of unopened homeowners' HAMP applications in a room. SunTrust's floor actually buckled under the sheer weight of unopened document packages. Documents and paperwork were lost. Homeowners were improperly foreclosed upon. Treasury was lied to. The negligence with which SunTrust administered its HAMP program is appalling, miserable, inexcusable, and repulsive. Real people lost their homes, and many others faced financial ruin. Ending this behavior and, where necessary, forcing institutions to change their culture through law enforcement by SIGTARP and our partners will help begin the process of restoring faith in financial institutions and healing public trust."

The investigation of the case was conducted by the United States Attorney's Office for the Western District of Virginia, the Office of the Special Inspector General for the Troubled Asset Relief Program, and the Office of the Inspector General for the Federal Housing Finance Agency (FHFA) and the United States Postal Inspection Service.

14-697

Attorney General

U.S. DEPARTMENT of JUSTICE | 950 Pennsylvania Avenue, NW, Washington, DC 20530-0001

ABOUT

- The Attorney General
Budget & Performance
Strategic Plans

AGENCIES

BUSINESS & GRANTS

- Business Opportunities
Small & Disadvantaged Business
Grants

RESOURCES

- Forms
Publications
Case Highlights
Legislative Histories
Information for Victims Large Cases

NEWS

- Justice News
The Justice Blog
Videos
Photo Gallery

CAREERS

- Legal Careers
Interns, Recent Graduates, and Fellows
Diversity Policy
Veteran Recruitment

CONTACT

JUSTICE.GOV

- Site Map
Archive
Accessibility
FOIA
No FEAR Act
Information Quality
Privacy Policy
Legal Policies & Disclaimers
For Employees
Office of the Inspector General
Government Resources
Plain Writing
USA.gov
BusinessUSA