



NEWS RELEASE

Marty J. Jackley
South Dakota Attorney General

Charles McGuigan
Chief Deputy Attorney General

FOR IMMEDIATE RELEASE : Tuesday, June 17, 2014
CONTACT: Sara Rabern (605)773-3215

**Attorney General Jackley Joins State-Federal Settlement with SunTrust to Address Mortgage
Loan Origination, Servicing, and Foreclosure Abuses**

PIERRE, S.D – Attorney General Marty Jackley today announced a \$550 million joint state-federal settlement with mortgage lender and servicer SunTrust Mortgage Inc. to address mortgage origination, servicing, and foreclosure abuses.

The three-year settlement with 49 other states, the District of Columbia, U.S. Department of Justice (DOJ) and the U.S. Department of Housing and Urban Development (HUD) provides direct payments to South Dakota borrowers for past foreclosure abuses, loan modifications and other relief for borrowers in need of assistance, tough new mortgage servicing standards, and grants oversight authority to an independent monitor.

“This settlement holds SunTrust accountable for its past practices, and provides direct relief to borrowers. South Dakota borrowers can now expect to be treated much more fairly because of the settlement’s terms and servicing standards,” said Jackley.

The agreement’s mortgage servicing terms largely emulates the 2012 National Mortgage Settlement (NMS) reached in February 2012 between the federal government, 49 state attorneys general and the five largest national mortgage servicers. That agreement has provided consumers nationwide with more than \$55 billion in direct relief, created tough new servicing standards, and implemented independent oversight.

The agreement requires SunTrust to provide South Dakota borrowers an estimated \$174,137 worth of loan modifications or other relief. The modifications, which SunTrust chooses through an extensive list of options, include principal reductions and refinancing for underwater mortgages. SunTrust decides how many loans and which loans to modify, but must meet certain minimum targets. Because SunTrust receives only partial settlement credit for many types of loan modifications, the settlement will provide relief to borrowers that will exceed the overall minimum amount.

Approximately 103 eligible South Dakota borrowers whose loans were serviced by SunTrust and who lost their home to foreclosure from January 1, 2008 through December 31, 2013 and encountered servicing abuse will be eligible for a payment from the national \$40 million fund for payments to borrowers. The borrower payment amount will depend on how many borrowers file claims.

Eligible borrowers will be contacted about how to qualify for payments.

The settlement requires SunTrust to substantially change how it services mortgage loans, handles foreclosures, and ensures the accuracy of information provided in federal bankruptcy court.

The terms will prevent past foreclosure abuses, such as robo-signing, improper documentation and lost paperwork.

The settlement creates dozens of new consumer protections and standards, including:

- Making foreclosure a last resort by first requiring SunTrust to evaluate homeowners for other loss mitigation options;
- Restricting foreclosure while the homeowner is being considered for a loan modification;
- New procedures and timelines for reviewing loan modification applications;
- Giving homeowners the right to appeal denials;
- Requiring a single point of contact for borrowers seeking information about their loans and maintaining adequate staff to handle calls.

The agreement resolves potential violations of civil law based on SunTrust's deficient mortgage loan origination and servicing activities. The agreement does not prevent state or federal authorities from pursuing criminal enforcement actions related to this or other conduct by SunTrust, or from punishing wrongful securitization conduct that is the focus of the Residential Mortgage-Backed Securities Working Group. Additionally, the agreement does not prevent any private action by individual borrowers who wish to bring their own lawsuits.