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**MADIGAN: \$968 MILLION JOINT STATE, FEDERAL SETTLEMENT WITH SUNTRUST TO PROVIDE LOAN MODIFICATIONS, FORECLOSURE RELIEF**

***Attorney General's Latest Effort to Combat Foreclosure Crisis Will Add to \$2.4 Billion in Relief Secured for Illinois Borrowers***

**Chicago**—Attorney General Lisa Madigan today announced a \$968 million joint state-federal settlement with mortgage lender and servicer SunTrust Mortgage Inc. to address mortgage origination, servicing and foreclosure abuses.

The settlement will provide direct relief for Illinois borrowers, set tough new mortgage servicing standards and grant oversight authority to an independent monitor. The settlement was forged by Madigan's office, 49 other attorneys general, the U.S. Department of Justice, the U.S. Department of Housing and Urban Development and the Consumer Financial Protection Bureau.

"Today's settlement is the latest action in my ongoing work to hold banks and servicers accountable for fraudulent conduct that affected thousands of Illinois homeowners struggling to save their homes," Madigan said. "Similar to the national mortgage settlement, this settlement will provide loan refinancing and direct payments to harmed borrowers."

As part of the national \$968 million settlement, SunTrust agreed to provide \$500 million in relief directly to borrowers in the form of loan modifications, including principal reductions and refinancing for underwater mortgages. SunTrust also agreed to pay the federal government \$418 million to resolve its potential liability under the federal False Claims Act for originating and underwriting loans that violated its obligations as a participant in the Federal Housing Administration insurance program. Finally, SunTrust agreed to pay \$50 million in cash to redress abusive servicing practices, \$40 million of which will be distributed to borrowers who lost their homes to foreclosure.

The agreement's mortgage servicing terms largely reflect the 2012 National Mortgage Settlement reached by Madigan, her counterparts and the federal government with Bank of America, JPMorgan Chase, Wells Fargo, Citibank and Ally Bank, formerly GMAC, which addressed similar allegations of misconduct and overhauled the country's mortgage servicing standards to prevent future abuses during the foreclosure process. That settlement has provided over \$2.4 billion in direct relief to Illinois homeowners.

**Borrower Relief**

The agreement requires SunTrust to provide certain borrowers with loan modifications or other relief, including principal reductions and refinancing for underwater mortgages. Illinois borrowers who lost their homes to foreclosure from January 1, 2008, through December 31, 2013, and encountered servicing abuse by SunTrust 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. Borrowers can also contact SunTrust directly by calling 1-800-634-7928 or visiting [www.SunTrustMortgage.com](http://www.SunTrustMortgage.com). Madigan also encouraged Illinois residents with questions to contact her Homeowner Helpline at 1-866-544-7151.

**New Mortgage Servicing Standards**

The settlement requires SunTrust to substantially change how it services loans, handles foreclosures and ensures the accuracy of information provided in federal bankruptcy court. The settlement terms will address 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 requiring SunTrust to evaluate homeowners for other loss mitigation options;

- Restricting foreclosure while the homeowner is being considered for a loan modification;
- Creating new procedures and timelines for reviewing loan modification applications;
- Giving homeowners the right to appeal denials of loan modifications; and
- Requiring a single point of contact for borrowers seeking information about their loans and maintaining adequate staff to handle calls.

The National Mortgage Settlement's independent monitor, Joseph A. Smith Jr., will oversee SunTrust agreement compliance. Smith served as the North Carolina Commissioner of Banks from 2002 until 2012 and is the former Chairman of the Conference of State Banks Supervisors. Smith will oversee implementation of the servicing standards required by the agreement; impose penalties of up to \$1 million per violation (or up to \$5 million for certain repeat violations); and issue regular public reports that identify any quarter in which a servicer fell short of the standards imposed in the settlement.

The agreement will be filed as a consent judgment in the U.S. District Court for the District of Columbia. The settlement does not grant immunity from criminal offenses and would not affect criminal prosecutions. The agreement also does not prevent homeowners or investors from pursuing individual, institutional or class action civil cases, and it preserves the authority of state attorneys general and federal agencies to investigate and pursue other aspects of the mortgage crisis, including wrongful securitization conduct that is the focus of the Residential Mortgage-Backed Securities Working Group, of which Madigan is a leading member.

### **Settlement Part of Ongoing Effort to Hold Banks Accountable for Financial Crisis**

Long before today's settlement announcement, Attorney General Madigan has led the country in taking legal action against banks, lenders and other financial institutions for unlawful financial misconduct that contributed to the country's economic collapse.

Currently, Madigan is litigating against the national credit rating agency Standard & Poor's, alleging that the company compromised its independence as a rating agency by doling out high ratings to unworthy, risky investments as a corporate strategy to increase its revenue and market share.

Last year, Madigan secured a \$100 million settlement with JPMorgan Chase & Company to recover losses incurred by Illinois' pension systems as a result of the bank's misconduct in its marketing and sale of risky residential mortgage-backed securities in the lead up to the 2008 economic collapse.

Madigan also became the first attorney general in the nation to sue a national bank for fair lending violations. Madigan and the U.S. Department of Justice secured a \$175 million national settlement to resolve allegations that Wells Fargo illegally targeted African American and Latino borrowers for sales of the lender's poorest quality and most expensive mortgages during the height of the subprime mortgage lending spree. Madigan and the Civil Rights Division of the U.S. Department of Justice also reached a \$335 million national settlement with Countrywide, once the nation's largest mortgage lender, to resolve similar allegations of fair lending violations. The settlement has provided restitution to harmed Illinois borrowers and is the largest settlement of a fair lending lawsuit ever obtained by a state attorney general.

Madigan also reached a landmark \$8.7 billion national settlement in 2008 against Countrywide for deceptively placing thousands of Illinois homeowners into risky, toxic and unaffordable subprime mortgages. The settlement with Countrywide's new owner, Bank of America, established the nation's first mandatory loan modification program.

For more information, visit Madigan's [website](#) or call the Attorney General's Homeowner Helpline at 1-866-544-7151.

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