



U. S. Department of Justice

*United States Attorney
Western District of Virginia*

*Timothy J. Heaphy
United States Attorney*

RESTITUTION AND REMEDIATION AGREEMENT

The United States of America, represented by the United States Attorney for the Western District of Virginia (“the United States” or “the Government”) and SunTrust Mortgage, Inc., by its undersigned President and Chief Executive Officer, pursuant to authority vested in him by the Board of Directors of SunTrust Banks, Inc., the parent company of SunTrust Mortgage (“SunTrust”), enter into the following Restitution and Remediation Agreement (the “Agreement”):

Background

1. 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 (“SIGTARP”), and the Office of the Inspector General for the Federal Housing Finance Agency (“FHFA”) have conducted an investigation into the default and loss mitigation functions of SunTrust, including particularly its administration of the Home Affordable Modification Program (“HAMP”). A summary and findings of the investigation are contained within the Statement of Facts, attached hereto and incorporated by reference herein as Appendix A.
2. SunTrust accepts and acknowledges responsibility for its conduct and the conduct of its employees, as well as SunTrust’s failure to fulfill certain of its contractual obligations with government-sponsored enterprises, all as described in the Statement of Facts. SunTrust agrees that the statements contained within the Statement of Facts are true and accurate to the best of its knowledge and belief.
3. SunTrust agrees that it will not, through any of its parent companies, subsidiaries, affiliates, attorneys, board of directors, agents, officers, or employees, make any statement contradicting any statement contained in the Statement of Facts. Any such contradictory statement shall constitute a breach of this Agreement as governed by paragraphs 26 through 30 of this Agreement. This paragraph is not intended to apply to any statement made by an individual in the course of any criminal, civil, or regulatory case initiated by the government or a private party against such individual. In addition, consistent with SunTrust’s obligation not to contradict any statement contained in the Statement of Facts, SunTrust may take good faith positions in litigation involving any private party.

Victim Compensation and Restitution Plan

4. SunTrust agrees to provide restitution to the borrower-victims of the conduct described in the Statement of Facts pursuant to the Victim Compensation and Restitution Plan attached hereto and incorporated by reference herein as Appendix B.
5. The Victim Compensation and Restitution Plan shall be implemented through a Restitution Fund established by SunTrust in the amount of \$179,000,000 and administered by a Claims Administrator as detailed in Appendix B.
6. The Restitution Fund shall be created and funded in full by SunTrust no later than 10 days after the execution of this Agreement. Payments shall be distributed from the Restitution Fund in accordance with the process detailed in Appendix B. SunTrust forever releases any and all rights, claims, or actions against the monies in the Restitution Fund and waives any and all rights to contest claims submitted or funds paid against the Restitution Fund.
7. Any monies remaining in the Restitution Fund at the conclusion of the administration of the Victim Compensation and Restitution Plan shall be deposited into the Indemnification Fund as described in paragraph 19.
8. SunTrust shall pledge an additional \$95,000,000 in the event additional monies beyond the seed money for the Restitution Fund described in paragraph 5 are needed to fully execute the Victim Compensation and Restitution Plan. Any portion of these additional funds not needed to provide compensation under the Victim Compensation and Restitution Plan shall remain the property of SunTrust.
9. After the passage of 12 months from the date of execution of this Agreement, SunTrust may petition the United States Attorney for the Western District of Virginia to release some or all of SunTrust's obligations under paragraph 8. The decision whether to release SunTrust from any or all of its obligations under paragraph 8 rests in the sole discretion of the United States Attorney for the Western District of Virginia. SunTrust may make an additional petition every 6 months thereafter, or sooner in the event a significant and material event occurs in the administration of the Restitution Plan.

Restitution to Fannie Mae and Freddie Mac

10. SunTrust agrees to pay partial restitution to the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac") in the amount of \$10,000,000. SunTrust agrees to wire the \$10,000,000 to the accounts specified, and at a time directed, by the Government. The Government will provide wiring instructions to accomplish this payment.

Corporate Remedial Measures Plan

11. SunTrust agrees to implement the corporate remedial measures detailed in the Corporate Remedial Measures Plan attached hereto and incorporated by reference herein as Appendix C. The Corporate Remedial Measures Plan details corporate policy, procedure, and organizational changes SunTrust is required to implement to prevent similar conduct from occurring in the future.

Housing Counseling Grant Fund

12. SunTrust agrees to provide an additional \$20,000,000 to a Housing Counseling Grant Fund ("Grant Fund"). SunTrust agrees to wire the \$20,000,000 at a time directed by the Government and the Government will provide wiring instructions to accomplish this payment.
13. The Grant Fund will be administered by an entity chosen by the Government in consultation with SunTrust. The purpose of the Grant Fund is to provide funding to housing counseling organizations that provide guidance to homeowners, prospective homeowners, and tenants with respect to buying a home, renting, default, foreclosure avoidance, credit issues, reverse mortgages, and other financial matters. Only tax exempt, non-profit organizations with a valid 26 U.S.C. § 501(c) certificate may receive grants from the Grant Fund. So long as consistent with the terms of this paragraph, the Grant Fund administrator shall have complete discretion over the awarding of any grants from the Fund and may, but is not required to, narrow the scope of eligible recipients to those entities already in the administrator's network. The Grant Fund administrator may pay its reasonable administrative and programmatic expenses incurred in the administration of the Grant Fund out of the Grant Fund.
14. The Grant Fund administrator will periodically report to the Government and SunTrust on the grants made from the Grant Fund.

Forfeiture

15. The United States has determined that it could institute a criminal and/or civil forfeiture action, pursuant to Title 18, United States Code, Section 981 and/or 982, against certain funds, constituting at least \$16,000,000 derived from the activities described in the Statement of Facts.
16. SunTrust agrees to pay \$16,000,000 to the United States Treasury within 10 days of the execution of this Agreement. The United States will timely provide SunTrust with wiring instructions to accomplish this payment.
17. SunTrust takes no position as to the disposition of the \$16,000,000 after payment, waives any statutory or procedural notice requirements with respect to the United States' disposition of the funds, and releases all claims it may have to the funds, including the right to challenge

the forfeiture. SunTrust further agrees to sign any additional documents necessary to complete the forfeiture of the funds, including but not limited to a Consent to Forfeiture to be filed in the United States District Court for the Western District of Virginia.

18. The \$16,000,000 amount is final and shall not be refunded should the United States later determine that SunTrust breached this Agreement and commence a prosecution against SunTrust pursuant to paragraph 28.

Indemnification Fund

19. Any monies remaining in the Restitution Fund at the conclusion of the administration of the Victim Compensation and Restitution Plan shall be made available to the investors, other than SunTrust, who own the loans that are the subject of this investigation to the extent any investors request reimbursement of the investors' litigation expenses, if any, arising out of SunTrust's conduct as described in the Statement of Facts. Any monies remaining in the Restitution Fund, at the sooner of three years from the date of this Agreement or the conclusion of the administration of the Victim Compensation and Restitution Plan, that are not used for such reimbursement of litigation expenses will be forfeited to the United States Treasury within 10 days of SunTrust's determination that those monies are not needed for reimbursement of such litigation expenses, pursuant to the same rights, obligations, and procedures described in paragraphs 15-18.

Cooperation

20. SunTrust agrees to cooperate with the United States, the Claims Administrator, and, as directed by the United States, with any other government department or agency regarding the matters related to this Agreement during the term of this Agreement.
21. SunTrust agrees that with respect to this Agreement, SunTrust's cooperation shall include, but is not limited to, cooperating with all aspects of the restitution and remediation processes, such as:
 - a. Truthfully disclosing information within SunTrust's possession, custody, or control with respect to the activities of SunTrust, its affiliates and its present and former officers, agents, and employees concerning the subject matters described in the Statement of Facts. This obligation of truthful disclosure includes an obligation to provide the United States and the Claims Administrator reasonable access to SunTrust's documents and employees and reasonable access to SunTrust facilities for that purpose.
 - b. Assembling, organizing and providing on request from the United States or the Claims Administrator, documents, records, or other tangible evidence in SunTrust's possession, custody, or control in such format as the United States or the Claims Administrator reasonably requests.

- c. Using its reasonable best efforts to make available its present or former officers, directors, and employees to provide information and/or testimony as requested by the United States, including sworn testimony, as well as interviews with federal authorities. Cooperation under this paragraph will include identification of witnesses who, to SunTrust's knowledge, may have relevant information regarding conduct and activities described in the Statement of Facts.
- d. Providing testimony and other information deemed necessary by the United States or a court to identify or establish the original location, authenticity, or other evidentiary foundation necessary to admit into evidence documents or other exhibits in any legal proceeding as requested by the United States.
- e. This obligation shall not include production of materials covered by the attorney-client privilege or the work-product doctrine.

Biannual Reports to the Government

22. SunTrust agrees that every six months following execution of this Agreement, and continuing for three years, SunTrust shall furnish the Government a report detailing the efforts it has taken to comply with this Agreement, as well as the certification required by Appendix C.

Non-Prosecution

23. In consideration of SunTrust entering into this Agreement, the remedial actions taken to date, and its willingness to: (a) accept and acknowledge responsibility for its conduct as detailed in the Statement of Facts; (b) continue its cooperation with the United States; (c) demonstrate its future good conduct and full compliance with the Victim Compensation and Restitution Plan (Appendix B); (d) implement the Corporate Remedial Measures Plan (Appendix C); (e) settle any and all claims held by the United States, its agencies, and its representatives against the proceeds referred to in paragraphs 15-19 above, the United States agrees not to prosecute SunTrust for crimes related to the conduct described in the Statement of Facts, including, but not limited to, any alleged violations of Title 18, United States Code, Sections 1001, 1341, and 1343.
24. Except in the event of a breach of this Agreement, the parties agree that all criminal investigations arising from the facts contained in, connected to, or involving the activities described in the Statement of Facts that have been, or could have been, conducted by the United States prior to the date of this Agreement, shall not be pursued further as to SunTrust or any of its parents, affiliates, successors, or related companies, and that the United States will not bring any charges against SunTrust or any of its parents, affiliates, successors, or related companies, relating to these matters. The United States reserves the right to pursue criminal actions against culpable individuals for the conduct described in the Statement of Facts, including current and former officers, employees, and agents of SunTrust.

25. The United States agrees to conduct a review of SunTrust's progress in implementing the terms of this Agreement after the passage of thirty-six (36) months from the date the United States signs this Agreement. If, in the sole reasonable discretion of the United States, the United States concludes from its review that SunTrust is in full compliance with all of its obligations under this Agreement, the United States shall terminate this Agreement and its terms will have no further force or effect. The termination of this Agreement will not impact the terms of paragraphs 23 and 24, which will remain in force.

Breach of Agreement

26. SunTrust agrees that a willful and knowing failure to abide by or fully perform any of the material terms, promises, or agreements set forth in this Agreement shall constitute a breach of this Agreement.
27. Should the United States determine that SunTrust has committed such breach of any provision of this Agreement, the United States shall provide written notice to SunTrust of the alleged breach and provide SunTrust with 30 days in which to make a presentation to the United States Attorney to demonstrate that no breach has occurred or, to the extent applicable, that the breach was not knowing, willful, or material or has otherwise been cured. The parties hereto expressly understand and agree that should SunTrust fail to make a presentation to the United States Attorney within such time period, it shall be presumed that SunTrust is in breach of this Agreement.
28. If the United States makes a final determination that SunTrust has breached this Agreement, as defined in paragraphs 26 and 27, the United States may elect from the following remedies depending on the nature and seriousness of the breach:

Remedy 1: The United States may give SunTrust a specific, reasonable time period in which to remedy the breach. If the United States determines that SunTrust has failed to remedy the breach during the time specified, the United States may elect Remedy 2 or Remedy 3 below.

Remedy 2: The United States may assess an additional monetary penalty of not more than \$10,000,000 for each breach of the Agreement. The amount of the additional monetary penalty shall be determined by the United States Attorney based upon the nature and seriousness of the breach. SunTrust may appeal the United States' determination that SunTrust breached this Agreement and the amount of the additional monetary penalty imposed to a retired federal judge selected by the United States sitting as an independent Special Master ("Special Master"). Review by the Special Master shall be *de novo* and the United States shall bear the burden of proof to establish any factual issues by a preponderance of the evidence. SunTrust agrees to pay for all costs associated with Remedy 2, including the costs of retaining the services of the Special Master. All findings of the Special Master shall be final and binding on SunTrust and the United States. SunTrust agrees to pay any additional monetary penalty imposed within thirty (30) calendar days of the Special Master's decision on the matter. SunTrust's failure to make a timely payment will constitute a separate material breach of this Agreement. Payment of any additional monetary penalty shall not relieve SunTrust of performing all of its obligations under this Agreement.

Remedy 3: The United States may prosecute SunTrust for any federal criminal violation of which the Government has knowledge, including prosecution for the specific conduct described in the Statement of Facts. In such event, SunTrust hereby stipulates that the Statement of Facts contained in Appendix A shall be deemed admissible into evidence. SunTrust also agrees that it is precluded from offering any evidence or arguments that the statements contained in the Statement of Facts are untrue. SunTrust agrees that all statements made by or on behalf of SunTrust, including testimony given by any current or former employee before the grand jury, or elsewhere, shall be admissible into evidence when offered by the United States in any and all criminal proceedings brought by the United States against SunTrust. SunTrust further agrees that it shall not assert any claim under the United States Constitution, Rule 410 of the Federal Rules of Evidence, or any other rule, that statements made by or on behalf of SunTrust prior to or subsequent to this Agreement, or any leads derived therefrom, should be inadmissible and suppressed. SunTrust also agrees to waive any right to be indicted by a grand jury and stipulates that the United States may proceed by Information.

29. SunTrust agrees to waive any right it may have to a determination by a Court with respect to whether it breached this Agreement.
30. Although SunTrust disputes that the conduct described in the Statement of Facts violated any federal criminal laws, SunTrust hereby expressly agrees that any violations of any federal law, including but not limited to the federal mail and wire fraud laws pursuant to Title 18, United States Code, Section 1341 and 1343, that were not time-barred by any statutes of limitations as of the date of this Agreement, may, in the sole reasonable discretion of the United States, be charged against SunTrust within twelve (12) months of any breach of this Agreement, notwithstanding the expiration of any applicable statute of limitations. SunTrust agrees to waive and does hereby expressly waive any and all rights to a speedy trial pursuant to the Sixth Amendment of the United States Constitution, Title 18, United States Code, Section 3161, Federal Rule of Criminal Procedure 48(b), and any applicable Local Rules of the United States District Court for the Western District of Virginia, Roanoke Division for the period that this Agreement is in effect.

Sale of Business Operations

31. SunTrust agrees that, if SunTrust's business operations, including SunTrust Mortgage, are sold in whole or in part to a party or parties unaffiliated with SunTrust as of the date hereof, whether by sale of stock, merger, consolidation, sale of a significant portion of its assets, transfer of servicing rights, or other form of business combination, or otherwise undergoes a direct or indirect change of control within the term of this Agreement, SunTrust shall include in any contract for sale or merger a provision that binds the purchaser/successor to all of the obligations of this Agreement.

Public Disclosure of the Agreement

32. SunTrust agrees and acknowledges that this Agreement, its appendices, and the reports required by this Agreement may be made publicly available without limitation.

Entire Agreement

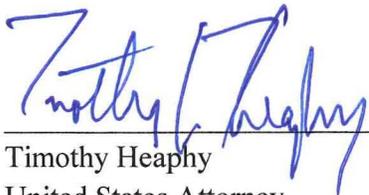
33. This Agreement sets forth all the terms of the Restitution and Remediation Agreement between SunTrust and the United States. No promises, agreements, or conditions shall be entered into and/or are binding upon SunTrust or the United States unless expressly set forth in writing, signed by the United States Attorney for the Western District of Virginia, SunTrust's attorneys, and a duly authorized representative of SunTrust. Unless explicitly incorporated into the terms of this Agreement, this Agreement supersedes any prior promises, agreements, or conditions between SunTrust and the United States.

Miscellaneous

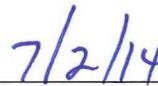
34. The Parties acknowledge that this Agreement is made without any trial or judicial adjudication and is not a final order of any court.
35. Nothing in this Agreement in any way alters the terms of any settlement or other agreement SunTrust may have with any governmental or regulatory authority, or the obligations of any of the parties thereto.
36. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.
37. This Agreement is effective on the date of signature of the last signatory to the Agreement. Facsimiles of signatures and signatures provided by portable document format ("PDF") shall constitute acceptable, binding signatures for purposes of this Agreement.

ON BEHALF OF THE UNITED STATES

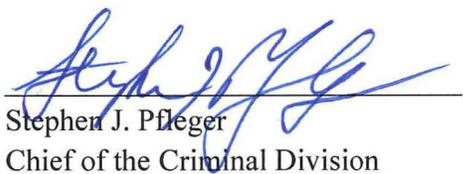
United States Attorney's Office
Western District of Virginia



Timothy Heaphy
United States Attorney



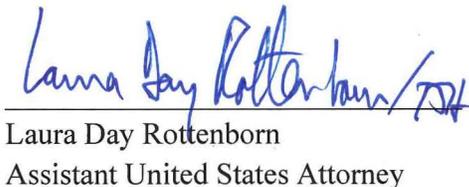
Date



Stephen J. Pflieger
Chief of the Criminal Division



Date

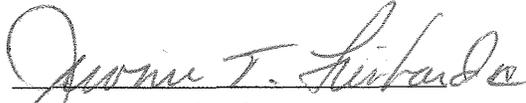


Laura Day Rottenborn
Assistant United States Attorney



Date

ON BEHALF OF SUNTRUST



Jerome T. Lienhard, II
President and CEO,
SunTrust Mortgage, Inc.



Date

REVIEWED AND APPROVED:

Richard Cullen, Esquire
McGuire Woods LLP
Attorney for SunTrust

Date

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Attorney for SunTrust

Date

Alex Brackett, Esquire
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Date

ON BEHALF OF SUNTRUST

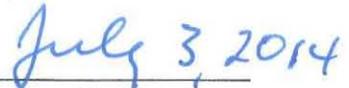
Jerome T. Lienhard, II
President and CEO,
SunTrust Mortgage, Inc.

Date

REVIEWED AND APPROVED:



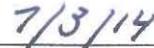
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Date



Alex Brackett, Esquire
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Date