

Appendix B
Victim Compensation and Restitution Plan

A. Restitution Fund

1. This Plan provides a framework for a Claims Administrator to pay compensation from a Victim Restitution Fund to certain borrowers who participated in the Home Affordable Modification Program (“HAMP”) administered by SunTrust Mortgage, Inc. (“SunTrust”).
2. SunTrust agrees to create and fund the Restitution Fund pursuant to the Restitution and Remediation Agreement. The monies for the Fund shall be placed into a separate interest-bearing account at SunTrust Bank. SunTrust will make the Claims Administrator an authorized agent for the account. The account must be set up so that withdrawals can be made only pursuant to Paragraph B.1.d, below.
3. SunTrust and the United States have identified those persons who are or may be eligible for compensation from the Victim Restitution Fund. As explained in detail below, each such person will receive notification of their eligibility for compensation from the Claims Administrator, and in some cases, immediate compensation will be offered to those borrowers. Other persons will be identified who *may have* suffered losses described in this Plan, but more information is needed to make a final determination. Those persons will be notified by the Claims Administrator as provided in this Plan and given the opportunity to provide additional information so that a final determination may be made.

B. The Claims Administrator

1. Selection and Responsibility of the Claims Administrator.

- a. The Claims Administrator will be selected by the Government in consultation with SunTrust.
- b. The Claims Administrator shall be the sole authorized agent for, and administrator of, the Victim Restitution Fund.
- c. The Claims Administrator shall not distribute any of the Victim Restitution Fund except as provided by the Restitution and Remediation Agreement and Appendices incorporated therein.
- d. When a borrower is entitled to restitution pursuant to the process below, the restitution amount will be withdrawn from the Victim Restitution Fund. To withdraw funds from the Victim Restitution Fund, the account shall require the signature of both the Claims Administrator and an individual identified by SunTrust.

- e. The Claims Administrator shall remain independent at all times. The Claims Administrator is not an advocate for SunTrust or the borrowers. The Claims Administrator's duty is to faithfully execute the Victim Restitution Fund as provided for in this Plan.
- f. If the Claims Administrator does not understand any aspect of this Plan, it should request clarification in writing from the United States Attorney's Office for the Western District of Virginia. Clarification will be promptly provided by the United States Attorney's Office for the Western District of Virginia in writing and will be binding on the Claims Administrator. SunTrust will be copied on all such communications.

2. Announcement of Restitution and Remediation Agreement.

- a. SunTrust, the United States, and the Claims Administrator shall coordinate the announcement of the Victim Restitution Plan.

3. The Restitution Process.

- a. The Claims Administrator shall be responsible for communicating with borrowers who are or may be entitled to restitution pursuant to this Plan. SunTrust may also communicate with borrowers so long as such communications are in accordance with the Restitution and Remediation Agreement and Appendices incorporated therein.
- b. Within 2 days of the retention of the Claims Administrator, SunTrust will provide the Claims Administrator with the last known physical address, email address, and phone number for all relevant borrowers previously identified by SunTrust and the Government during the course of the investigation, to the extent available. Within 20 days of the retention of the Claims Administrator, the Claims Administrator will send an email to those borrowers (whose email addresses are provided by SunTrust) stating, at a minimum, that certain borrowers have been awarded restitution in this matter and that additional information will be coming via postal mail.
- c. Within 10 days of the retention of the Claims Administrator, SunTrust shall provide to the Claims Administrator and the United States the loan numbers and contact information for any borrower who it believes meets the criteria in each of the categories of restitution enumerated below. SunTrust shall provide the Claims Administrator and the United States with all information reasonably requested in order for the Claims Administrator and the United States to independently assess whether the methodology SunTrust used was reasonable, complete, and well-controlled. The United States will communicate any concerns to SunTrust and the Claims Administrator. The Claims Administrator ultimately has final and binding authority over which

borrowers meet the criteria in each of the categories of restitution enumerated below.

- d. The Claims Administrator shall author a letter to be sent to all relevant borrowers previously identified by SunTrust and the Government during the course of the investigation.
 - i. The letter shall explain the purpose of the Victim Restitution Fund.
 - ii. The letter will be tailored to the borrower, so that it includes information relevant to those categories of restitution for which the borrower is, or may be, eligible.
 - iii. If the Claims Administrator determined that the borrower qualified for restitution under one of the categories enumerated below, that information will be communicated clearly in the letter, including the amount of restitution and reasons for it. The letter also will provide the borrower with specific instructions on how to elect to receive his restitution payment. The specific process is left to the discretion of the Claims Administrator, but all borrowers must be given the option of having their restitution amount credited directly to their unpaid principal balance. For borrowers receiving restitution under Part C.2 below, they should be explicitly encouraged to have their restitution payment credited directly to their unpaid principal balance. Additionally, any borrower who elects to receive restitution pursuant to this Plan must agree that by accepting the restitution payment, he agrees not to raise any claim or take any legal action against any investor in the loans, other than SunTrust, with respect to the conduct described in the Restitution and Remediation Agreement and Appendix A.
 - iv. For all borrowers who meet the criteria in Parts C.5, C.6, and C.7.B, and C.7.C below, the letter will include the circumstances under which the borrower may petition for a loan-level review of his file and the process for such a petition. Borrowers should be given 60 days from receipt of the letter to petition for a loan-level review. Within 5 days of receiving the borrower's petition request, the Claims Administrator will direct SunTrust to conduct the requested loan-level review. SunTrust must provide its findings to the Claims Administrator within 90 days. The Claims Administrator will then review SunTrust's determination. SunTrust's determination is not binding, and SunTrust shall provide the Claims Administrator with all information reasonably requested by the Claims Administrator for the Claims Administrator to independently assess whether a borrower satisfies the criteria for receiving restitution and the amount of that restitution. The Claims Administrator's decision is final and binding on SunTrust.
 - v. The letter template shall be approved by both SunTrust and the United States prior to mailing.

- vi. The letters may be sent on a rolling basis, but all letters must be sent no later than November 30, 2014.
 - vii. To the extent the Claims Administrator receives a returned letter or any other indication that it does not have accurate borrower contact information, as derived from the last known system data provided by SunTrust, it will employ an industry-standard process for skip trace or other location service, followed by an additional, final attempt at solicitation. The Claims Administrator may work with the United States to identify the borrower's contact information as well.
- e. The Claims Administrator shall timely make its determinations and communicate any decision promptly to the borrower via letter. The determination of the Claims Administrator is final and binding on all parties.

4. Staff and Office Space.

- a. The Claims Administrator shall hire and train an appropriately experienced staff to help the Claims Administrator administer the Victim Restitution Fund in a timely, ethical, and accurate manner.
- b. The Claims Administrator shall retain appropriate office space to timely, ethically, and accurately fulfill its duties pursuant to this Plan.
- c. SunTrust may offer to provide office space, support staff, and any other resources to the Claims Administrator.

5. Telephone Access.

- a. The Claims Administrator shall provide prompt, toll-free, telephonic access for borrowers to contact its staff. All efforts shall be made to ensure hot transfers between the Claims Administrator, any contracted third parties, and SunTrust, when appropriate.

6. Website.

- a. Within 5 days of the retention of the Claims Administrator, the Claims Administrator shall publish a public website and email address to facilitate communication with borrowers.
- b. The Claims Administrator shall engage all necessary and appropriate technical assistance to facilitate the establishment and maintenance of the website.
- c. Within 30 days of the retention of the Claims Administrator, the website shall include a detailed explanation of the restitution process, expected timeframes, and a complimentary hotline for borrowers to contact the Claims Administrator with questions and complaints. The website shall also include a list of housing counseling agencies that borrowers may contact with additional questions.

7. Database of Complaints.

- a. The Claims Administrator shall establish a database for complaints from borrowers regarding the Victim Restitution Plan. The Claims Administrator shall engage all necessary and appropriate technical assistance to facilitate the establishment and maintenance of the database.
- b. The Claims Administrator shall communicate a summary of these complaints to the United States Attorney's Office for the Western District of Virginia and to SunTrust no less than every two months.

8. Contracts with Third Parties.

- a. The Claims Administrator may contract with third-parties, including experts in credit report repair and public benefits, to the extent reasonably necessary.
- b. The Claims Administrator will contract with an entity specializing in borrower counseling, to be selected by the Government, to whom the Claims Administrator can refer borrowers with questions about the Restitution Plan, including whether the borrower should accept the restitution payment and/or apply it to his/her unpaid principal balance. The Claims Administrator should also routinely consult with that entity regarding the administration of the Restitution Plan, to ensure, among other things, that all communications to the borrowers are clear and understandable.
- c. The Claims Administrator shall provide additional contact information for housing counseling agencies to all borrowers who receive the letter described in Paragraph 3.d and to any other borrowers who contact the Claims Administrator.

9. Confidentiality.

- a. The Claims Administrator shall take all reasonable precautions to ensure that it, its staff, and any contracted third-parties maintain the confidentiality of SunTrust's documents, borrower information, and communications.

10. Timing and Reporting.

- a. The Claims Administrator should endeavor to fulfill all of its obligations pursuant to this Plan by July 1, 2015.
- b. The Claims Administrator will produce public reports on the progress of the Victim Restitution Plan from time-to-time.
- c. The Claims Administrator shall provide reports on the progress of the Victim Restitution Plan to the United States' Attorney's Office for the Western District of Virginia every three months and when otherwise requested.

11. Cooperation.

- a. SunTrust shall cooperate with all reasonable requests from the Claims Administrator to effectuate its obligations under this Plan. Such cooperation includes, but is not limited to, providing the Claims Administrator with any requested loan-level information about borrowers whom the Claims Administrator determines could be eligible for restitution under the Plan. SunTrust shall also provide the Claims Administrator with direct access to managers in loss mitigation when requested. The Claims Administrator shall take all reasonable steps to minimize disruption to SunTrust's business operations.

12. Costs and Fees.

- a. SunTrust will directly pay all expenses associated with this Restitution Plan, including any fees charged and necessary costs incurred by the Claims Administrator, and further including any fees charged by third-parties retained by the Claims Administrator pursuant to this Plan and any costs associated with this Restitution Plan incurred by the Federal Housing Finance Agency or any government-sponsored enterprise.
- b. SunTrust will provide an initial payment of \$1,000,000 to the Claims Administrator within 2 days of the retention of the Claims Administrator. Thereafter, the Claims Administrator will send SunTrust monthly invoices and SunTrust will remit payment within 30 days of receipt. The initial \$1,000,000 will be credited on the invoices sent by the Claims Administrator to SunTrust until the credit is exhausted.

C. Who Receives Restitution And How Much Do They Receive

Restitution will be awarded in the amounts described below. Some homeowners eligible for compensation in Categories 4-7 already may have received compensation for the harms addressed in Categories 4-7 through monetary awards pursuant to the Independent Foreclosure Review or private civil litigation. Any restitution awarded to a homeowner in Categories 4-7 shall be reduced by the amount of any such prior compensation paid to that homeowner.

1. Improper Credit Reporting.

- A. Homeowner(s) was/were current¹ on their mortgage at the time of HAMP application and reported negatively at least one month during the HAMP trial.

Remedy: \$5,000 payment to each homeowner (regardless of number of months reported delinquent) and SunTrust will use all reasonable efforts to correct the homeowner(s)' credit history, including sending written communication to all three major credit bureaus to repair improper credit reporting. With respect to repairing credit history, SunTrust must report the

¹ "Current" is defined for purposes of this Restitution Plan as less than two payments past due at the time of HAMP trial start.

tradeline as current (both now and historically) and this reporting must be without the “AC” code for payment status.²

2. Excessive Capitalized Arrearage.

- A. Homeowner(s) granted a HAMP or ALT modification with improper amounts of interest capitalized onto the unpaid principal balance.

Remedy: Homeowner(s) will be paid the amount of excess interest capitalized, plus interest. Interest is to be calculated as follows: (1) the difference in interest rate between the contractual loan and the modified loan for the length of the extended trial period, plus (2) 4.5% interest rate from the modification effective date until July 1, 2014.

3. Homeowner(s) on Extended Trials.

- A. Homeowner(s) made at least three HAMP trial payments and did not receive a decision from SunTrust within that time *and* homeowner(s) ultimately did not get a HAMP Modification.

Remedy: Payment of \$500 for every month homeowner(s) was/were on an extended trial³ serviced by SunTrust.

- B. Homeowner(s) made at least three HAMP trial payments and did not receive a decision from SunTrust within that time and homeowner(s) ultimately received a HAMP Modification.

Remedy: Payment of \$100 for every month homeowner(s) was/were on an extended trial serviced by SunTrust.

4. Homeowner(s) Denied HAMP, but Offered and Accepted an ALT Modification as Part of an ALT Mass Mailing.

- A. Homeowner(s) offered an ALT Modification as part of a mass mailing and ultimately received a permanent ALT modification, and are not compensated under Category 7.

Remedy: \$5,000 payment to homeowner(s).

5. Homeowner(s) Denied HAMP, Accepted a Non-HAMP Modification.

² This payment is to be made to *each homeowner* who satisfies the criteria. If two homeowners co-signed a loan, and both homeowners were improperly reported to the credit bureaus, then both homeowners receive \$5,000 each. All other payments under the Restitution Plan are made *per loan, not per homeowner*. Throughout this Plan, when SunTrust is required to repair credit bureau reporting history, it will ensure that the history is repaired for all borrowers on the loan.

³ For purposes of this Restitution Plan, “extended trial” shall mean that the homeowner(s) made four or more HAMP trial payments.

- A. Homeowner(s) who were wrongfully denied HAMP after having made at least their first three HAMP trial payments and ended up with an ALT, AMP or MOD 24 modification and is/are not compensated under Categories 4 or 7:

Remedy: Homeowner(s) will receive a letter and may petition for a loan-level review to determine if homeowner(s) was/were wrongfully denied HAMP.⁴ If the review reveals that SunTrust should have granted the homeowner(s) a permanent HAMP modification, or, in the case of denials based on incomplete documentation, there is evidence that the homeowner submitted complete documentation (such evidence includes, but is not limited to, that there is no indication in SunTrust's files that SunTrust ever notified the homeowner prior to denial that documentation was missing or incomplete, or contemporaneous evidence of the homeowner making assertions of completeness that were not contravened by evidence of SunTrust's correcting such assertions), homeowner(s) will receive \$5,000 payment.

- B. Homeowner(s) who were wrongfully denied HAMP after having made at least their first three HAMP trial payments and ended up with a modification other than a HAMP, ALT, AMP, or MOD 24 modification, and is/are not compensated in Categories 4 or 7:

Remedy: Homeowner(s) will receive a letter and may petition for a loan-level review to determine if homeowner(s) was/were wrongfully denied HAMP. If the review reveals that SunTrust should have granted the homeowner(s) a permanent HAMP modification, or, in the case of denials based on incomplete documentation, there is evidence that the homeowner submitted complete documentation (such evidence includes, but is not limited to, that there is no indication in SunTrust's files that SunTrust ever notified the homeowner prior to denial that documentation was missing or incomplete, or contemporaneous evidence of the homeowner making assertions of completeness that were not contravened by evidence of SunTrust's correcting such assertions), homeowner(s) will receive \$8,250 payment.

⁴ For purposes of this Restitution Plan, "wrongfully denied HAMP" means (1) the homeowner(s) made 3 or 4 trial payments, as required by the Trial Period Plan, (2) there is evidence that the homeowner(s) submitted all required documentation (such evidence includes, but is not limited to, that there is no indication in SunTrust's files that SunTrust ever notified the homeowner prior to denial that documentation was missing or incomplete, or contemporaneous evidence of the homeowner making assertions of completeness that were not contravened by evidence of SunTrust's correcting such assertions), and (3) the homeowner(s) was/were income eligible at the time of his initial application to SunTrust but was/were not granted a permanent HAMP modification.

6. Homeowner(s) Denied HAMP, Received No Modification, and Was/Were Not Foreclosed.

- A. Homeowner(s) denied HAMP, received no other modification, and were not foreclosed, and were not compensated in Categories 4, 5, or 7:

Remedy: Homeowner(s) will receive a letter and may petition for a loan-level review to determine if homeowner(s) was/were wrongfully denied HAMP. If the review reveals that SunTrust should have granted the homeowner(s) a permanent HAMP modification, or, in the case of denials based on incomplete documentation, there is evidence that the homeowner submitted complete documentation (such evidence includes, but is not limited to, that there is no indication in SunTrust's files that SunTrust ever notified the homeowner prior to denial that documentation was missing or incomplete, or contemporaneous evidence of the homeowner making assertions of completeness that were not contravened by evidence of SunTrust's correcting such assertions), homeowner(s) will receive \$12,250 payment.

7. Foreclosed During or After Extended HAMP Trial.

- A. Homeowner(s) foreclosed⁵ while on an active HAMP trial⁶.

Remedy: SunTrust will conduct a loan-level review for all loan files meeting this criteria and will correct the credit reporting and otherwise provide financial remediation to those found to have been improperly foreclosed or liquidated while on a HAMP trial. Specifically, SunTrust will repair the homeowner(s)' credit bureau history, including removing the foreclosure from the homeowner(s)' credit history and not reaffirming the debt in any subsequent dispute. SunTrust also will make a payment of \$50,000, as well as a payment in the amount equal to 10% of the homeowner(s)' original mortgage.

- B. Homeowner(s) foreclosed on after an extended HAMP trial, and after having made at least the three or four initial trial payments, and loan was referred to foreclosure counsel within 12 months of the earlier of (1) the homeowner(s) being notified of HAMP denial, or (2) the homeowner(s) ceasing trial payments.

Remedy: Homeowner(s) will receive a letter and may petition for a loan-level review. If the review shows that SunTrust wrongfully denied HAMP or

⁵ For purposes of this Restitution Plan, "foreclosed on" shall mean all homeowner(s) who were referred to foreclosure and the homeowner(s) subsequently lost the home, whether through short sale, deed in lieu, or foreclosure sale.

⁶ For purposes of this Restitution Plan, "while on active HAMP trial" shall mean the time period that the homeowner(s) makes payments in the amount required by his HAMP Trial Period Plan.

mishandled the homeowner's application, and such denial or mishandling was a significant contributing factor in the foreclosure referral, SunTrust shall repair the homeowner(s)' credit history per above and make a payment of \$20,000 to borrowers who went through foreclosure, or \$10,000 to borrowers who went through a short sale or deed in lieu, as well as a payment in the amount equal to 10% of the homeowner's original mortgage. In addition to other facts supporting a finding of harm, harm will be deemed to be found in the case of denials based on incomplete documentation when there is evidence that the homeowner submitted complete documentation, including no indication that SunTrust notified the homeowner prior to denial that documentation was missing or incomplete, or contemporaneous evidence of the homeowner making assertions of completeness that were not contravened by evidence of SunTrust correcting such assertions.

- C. Homeowner(s) was/were foreclosed on after an extended HAMP trial and after having made at least the three or four initial trial payments, and the homeowner(s) loan was referred to foreclosure counsel more than 12 months after the earlier of (1) the homeowner(s) being notified of HAMP denial, or (2) the homeowner(s) stopped making trial payments.

Remedy: Homeowner(s) will receive a letter and may petition for a loan-level review. If the review shows that SunTrust wrongfully denied HAMP or mishandled the homeowner's application, and such denial or mishandling was a significant contributing factor in the foreclosure referral, SunTrust shall repair the homeowner(s)' credit history per above and make a payment of \$20,000 to borrowers who went through foreclosure, or \$10,000 to borrowers who went through a short sale or deed in lieu. In addition to other facts supporting a finding of harm, harm will be deemed to be found in the case of denials based on incomplete documentation when there is evidence that the homeowner submitted complete documentation, including no indication that SunTrust notified the homeowner prior to denial that documentation was missing or incomplete, or contemporaneous evidence of the homeowner making assertions of completeness that were not contravened by evidence of SunTrust correcting such assertions.

- D. Homeowner(s) was/were foreclosed on either during or after a HAMP trial and SunTrust subsequently rescinded the foreclosure.

Remedy: SunTrust will conduct a loan-level review for all loan files meeting this criteria and will correct the credit reporting and otherwise provide financial remediation. Specifically, SunTrust will repair the homeowner(s)' credit bureau history, including removing the foreclosure from the homeowner(s)' credit history and not reaffirming the debt in any subsequent dispute. SunTrust also will make a payment of \$15,000. Homeowner(s) in this category is/are not eligible for compensation under Categories 7A, 7B, or 7C.

If a homeowner is compensated under Category 7, the homeowner is not eligible for compensation under Categories 4, 5, or 6.

8. Transferred to Another Mortgage Servicer.

- A. Homeowner(s)' loan was transferred to NationStar in 2010 or 2011 while homeowner(s) was/were active on a HAMP trial:

Remedy: Homeowner(s) will receive a payment of \$5,000 and any compensation for which homeowner(s) is/are eligible under Categories 1 and 3. No payment will be available from Categories 2 and 4-7.