

**Department of Justice**  
Office of Public Affairs  
FOR IMMEDIATE RELEASE  
Thursday, May 31, 2012

**Justice Department Reaches \$21 Million Settlement to Resolve Allegations of Lending  
Discrimination by Suntrust Mortgage**

*Borrowers Were Charged Higher Fees Based on Their Race or National Origin in 2005-2009 Before  
the Company Implemented New Policies*

WASHINGTON – SunTrust Mortgage Inc., the mortgage lending subsidiary of the nation’s 11th-largest commercial bank, has agreed to pay \$21 million to resolve a lawsuit by the Department of Justice that it engaged in a pattern or practice of discrimination that increased loan prices for many of the qualified African-American and Hispanic borrowers who obtained loans between 2005 and 2009 through SunTrust Mortgage’s regional retail offices and national network of mortgage brokers.

The settlement also requires SunTrust Mortgage to continue using policies and practices it adopted to prevent discrimination following the time period at issue in the lawsuit.

The settlement, which is subject to court approval, was filed today in federal court in Richmond, Va., where SunTrust Mortgage is headquartered. The settlement comes after a two-and-a-half-year investigation by the Department of Justice, which included reviewing internal company documents and data on more than 850,000 residential mortgage loans SunTrust Mortgage originated between 2005 and 2009. SunTrust Mortgage cooperated fully with the Justice Department’s investigation into its lending practices and agreed to settle this matter without contested litigation.

“Today’s settlement demonstrates that the Department of Justice takes seriously its responsibility to investigate mortgage lending practices during the mortgage boom years and, when the evidence shows the law was broken, to obtain compensation for victims of illegal conduct,” said Thomas E. Perez, Assistant Attorney General for the Civil Rights Division. “We will, however, work constructively with responsible lenders like SunTrust Mortgage that are willing to take the necessary steps to ensure equal credit opportunity for all borrowers. We commend SunTrust Mortgage for taking action to implement strong fair lending policies even before they knew the full results of our investigation.”

The settlement was filed in conjunction with the department’s complaint that alleges SunTrust Mortgage violated the Fair Housing Act and Equal Credit Opportunity Act by charging more than 20,000 African-American and Hispanic borrowers higher fees and interest rates than non-Hispanic white borrowers, not based on borrower risk, but because of their race or national origin. Specifically, the allegations involve loans made to African-American borrowers between 2005 and 2008 through the more than 200 retail offices directly operated by SunTrust Mortgage in the Southeastern and Mid-Atlantic portions of the United States. The allegations also involve loans made to African-American and Hispanic borrowers between 2005 and 2009 through SunTrust Mortgage’s national network of mortgage brokers.

“Racial and ethnic bias have no place in the lending market,” said Neil H. MacBride, U.S. Attorney for the Eastern District of Virginia. “We are pleased that SunTrust Mortgage is taking steps to compensate the victims and to ensure fair and equal access to credit in the future.”

SunTrust Mortgage’s business practice during the time periods covered by the lawsuit allowed its loan

officers and mortgage brokers to vary a loan's interest rate and other fees from the price it set based on the borrower's objective credit-related factors. This subjective and unguided pricing discretion resulted in African-American and Hispanic borrowers paying more.

Prior to the settlement, SunTrust Mortgage had implemented policies that substantially reduced the discretion of its loan officers and mortgage brokers to vary a loan's interest rate and other fees from the price it set based on the borrower's objective credit-related factors, and that required the reasons for variations to be documented and reviewed by a supervisor. Those policies, operating in concert with rules imposed by the Federal Reserve in April 2011 and incorporated into the settlement, restrict compensating loan officers and mortgage brokers based on the terms or conditions of a particular loan. Today's settlement requires SunTrust Mortgage to keep its improved policies in place for at least the next three years, as well as continuing to monitor its lending for signs of discrimination and providing monitoring reports to the United States.

The department's investigation into SunTrust Mortgage's lending practices began after a referral by the Board of Governors of the Federal Reserve to the Justice Department's Civil Rights Division in December 2009 for potential patterns or practices of discrimination. SunTrust Mortgage's parent company, Atlanta-based SunTrust Bank, is a member of the Federal Reserve System, and one of the nation's largest regional banks with \$178 billion in assets and more than 1,600 branches in seven states and the District of Columbia.

"Racial or other illegal discrimination has no place in our credit markets," said Federal Reserve Board Governor Elizabeth A. Duke. "We are pleased that this settlement is designed to ensure fair access to credit."

Today's announcement is part of efforts underway by President Obama's Financial Fraud Enforcement Task Force (FFETF). President Obama established the interagency FFETF to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes. For more information on the task force, visit [www.StopFraud.gov](http://www.StopFraud.gov).

A copy of the complaint and proposed settlement order, as well as additional information about fair lending enforcement by the Justice Department, can be obtained from the Justice Department website at [www.justice.gov/fairhousing](http://www.justice.gov/fairhousing).

The proceeds of the settlement will be used to compensate the victims of SunTrust Mortgage's discrimination, who were located in 34 states and the District of Columbia when the discrimination occurred. The proposed settlement provides for an independent administrator to contact and distribute payments of compensation at no cost to borrowers whom the Justice Department identifies as victims of SunTrust Mortgage's discrimination. Borrowers who are eligible for compensation from the settlement will be contacted by the administrator. The department will make a public announcement and post contact information on its website once the administrator begins contacting victims. Individuals who believe that they may have been victims of lending discrimination by SunTrust Mortgage and have questions about the settlement may email the department at [suntrust.settlement@usdoj.gov](mailto:suntrust.settlement@usdoj.gov).