

PUBLIC DISCLOSURE

March 11, 2010

**MORTGAGE LENDER COMMUNITY INVESTMENT
PERFORMANCE EVALUATION**

SUNTRUST MORTGAGE, INC.

ML0133

**901 SEMMES AVENUE
RICHMOND, VIRGINIA 23224**

**DIVISION OF BANKS
1000 WASHINGTON STREET
BOSTON, MA 02118**

NOTE:	This evaluation is not, nor should it be construed as, an assessment of the financial condition of this mortgage lender. The rating assigned to this mortgage lender does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this mortgage lender.
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GENERAL INFORMATION

Massachusetts General Laws chapter 255E, section 8 and the Division of Banks' ("Division") regulation 209 CMR 54.00, Mortgage Lender Community Investment ("MLCI"), require the Division to use its authority when examining mortgage lenders subject to its supervision who have made 50 or more home mortgage loans in the last calendar year, to assess the mortgage lender's record of helping to meet the mortgage credit needs of the Commonwealth, including low- and moderate-income neighborhoods and individuals, consistent with the safe and sound operation of the mortgage lender. Upon conclusion of such examination, the Division must prepare a written evaluation of the mortgage lender's record of meeting the credit needs of the Commonwealth.

This document is an evaluation of the MLCI performance of **SunTrust Mortgage, Inc. (or "SunTrust")** prepared by the Division, the mortgage lender's supervisory agency, as of **March 11, 2010**.

SCOPE OF EXAMINATION

An onsite evaluation was conducted using examination procedures, as defined by MLCI. A review of the Division's records, as well as the mortgage lender's public MLCI file, did reveal complaints; however, they were unrelated to SunTrust's performance as a licensed mortgage lender during the evaluation period.

The MLCI examination included a comprehensive review and analysis, as applicable, of SunTrust's:

- (a) origination of loans and other efforts to assist low and moderate income residents, without distinction, to be able to acquire or to remain in affordable housing at rates and terms that are reasonable considering the lender's history with similarly situated borrowers, the availability of mortgage loan products suitable for such borrowers, and consistency with safe and sound business practices;
- (b) origination of loans that show an undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units;
- (c) efforts working with delinquent residential mortgage customers to facilitate a resolution of the delinquency; and
- (d) other efforts, including public notice of the scheduling of examinations and the right of interested parties to submit written comments relative to any such examination to the Commissioner, as, in the judgment of the Commissioner, reasonably bear upon the extent to which a mortgage lender is complying with the requirements of fair lending laws and helping to meet the mortgage loan credit needs of communities in the Commonwealth.

MLCI examination procedures were used to evaluate SunTrust's community investment performance. These procedures utilize two performance tests: the Lending Test and the Service Test. This evaluation considered SunTrust Mortgage Inc.'s lending and community development activities for the period of January 2008 through December 2009. The data and applicable timeframes for the Lending Test and the Service Test are discussed below.

The Lending Test evaluates the mortgage lender's community investment performance pursuant to the following five criteria: geographic distribution of loans, lending to borrowers of different incomes, innovative and flexible lending practices, fair lending, and loss of affordable housing.

Home mortgage lending for 2008 and 2009 is presented in the geographic distribution, lending to borrowers of different incomes and the Minority Application Flow tables. Comparative analysis of the mortgage lender's lending performance for the year of 2008 is provided because it is the most recent year for which aggregate lending data is available pursuant to the Home Mortgage Disclosure Act ("HMDA"). The aggregate lending data is used for comparison purposes within the evaluation and is a measure of loan demand. It includes lending information from all HMDA reporting lenders which originated loans in the Commonwealth of Massachusetts. Home mortgage lending data for 2009 is referenced in the narrative to illustrate trends in SunTrust's lending data.

In addition to gathering and evaluating statistical information relative to a mortgage lender's loan volume, the MLCI examination also reflects an in depth review of the entity's mortgage lending using qualitative analysis, which includes, but is not limited to: an assessment of the suitability and sustainability of the mortgage lender's loan products by reviewing the lender's internally maintained records of delinquencies and defaults as well as information publicly available through the Federal Reserve Banks and through local Registries of Deeds and through other sources available to the examination team. The examination included inspection of individual loan files for review of compliance with consumer protection provisions and scrutiny of these files for the occurrence of disparate treatment based on a prohibited basis.

The Service Test evaluates the mortgage lender's record of helping to meet the mortgage credit needs by analyzing the availability and effectiveness of a mortgage lender's systems for delivering mortgage loan products, the extent and innovativeness of its community development services, and, if applicable, loss mitigation services to modify loans and/or efforts to keep delinquent home borrowers in their homes.

MORTGAGE LENDER'S MLCI RATING:

This mortgage lender is rated "High Satisfactory."

- The geographic distribution of the Lender's loans reflects an adequate dispersion in low- and moderate-income census tracts as it is reflective of the distribution of owner occupied housing in those census tracts.
- The distribution of borrowers reflects, given the demographics of Massachusetts, an adequate record of serving the credit need among individuals of different income levels, including those of low- and moderate-income.
- SunTrust Mortgage, Inc. offers a variety of flexible lending practices, which are provided in a safe and sound manner to address the credit needs of low- and moderate-income individuals.
- SunTrust has a high level of Community Development services. Its efforts are substantial in working with delinquent mortgage loan borrowers to facilitate a successful resolution of the delinquency, including frequent and swift loan modifications which are effective in preventing subsequent defaults or foreclosures; and
- Fair lending policies and practices are considered good.

PERFORMANCE CONTEXT

Description of Mortgage Lender

SunTrust was incorporated in the Commonwealth of Massachusetts on September 3, 1991 and was granted a mortgage lender license by the Division on December 3, 1991. Its main office is located at 901 Semmes Avenue, Richmond, Virginia.

SunTrust (and its subsidiaries) is wholly owned by SunTrust Bank. Both the mortgage lender and its parent company are owned by SunTrust Banks, Inc., a financial holding company. The principal executive office of SunTrust Banks, Inc. is located in Atlanta, Georgia. Records relating to Massachusetts are kept in Richmond, VA. SunTrust Banks, Inc. operates five major lines of business. These are retail banking, commercial banking, corporate and investment banking, mortgage banking, and wealth and investment management. SunTrust Mortgage, Inc. provides mortgage products that include residential, construction loans, first and second mortgage loans and home equity lines of credit within Massachusetts.

The lender closed its only Massachusetts branch office located in Agawam, Massachusetts in October 2006 and currently does not have any physical location in Massachusetts. SunTrust Mortgage, Inc. has two locations licensed to conduct Massachusetts business. They are located in Portsmouth, New Hampshire and Richmond, Virginia. The majority of SunTrust's Massachusetts business is generated from wholesale lending and correspondent lending. SunTrust conducts correspondent and wholesale mortgage lending in 47 states and has a retail mortgage lending presence in 12 states in the United States.

SunTrust services 98 percent of Massachusetts originated loans internally at a centralized location in its main office in Richmond, Virginia.

Demographic Information

The MLCI regulation requires mortgage lenders to be evaluated on their performance within the Commonwealth of Massachusetts. Demographic data is provided below to offer contextual overviews of economic climate along with housing and population characteristics for the Commonwealth of Massachusetts.

DEMOGRAPHIC INFORMATION*						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A
Geographies (Census Tracts)	1,361	8.4	21.7	46.1	23.4	0.4
Population by Geography	6,349,097	5.8	20.5	47.6	26.0	0.1
Owner-Occupied Housing by Geography	1,508,248	1.6	12.8	54.0	31.6	0.0
Family Distribution by Income Level	1,587,537	20.5	17.7	22.3	39.5	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	606,419	10.0	29.4	46.2	14.4	0.0
Median Family Income		\$65,318	Median Housing Value		\$209,519	
2009 HUD Adjusted Median Family Income		\$82,684	Unemployment Rate		9.5%**	
Households Below Poverty Level		9.8%				

*Source: PCI Corporation Inc., CRA Wiz, Data Source: 2000 US Census

**as of 1/10

Based on 2000 Census data, the Commonwealth of Massachusetts has a total population of just over 6.3 million people and a total of 2.6 million housing units. Of the total housing units, 1.5 million or 57.5 percent are owner-occupied, 935,332 or 35.7 percent are rental-occupied, and 6.8 percent are vacant units.

There are 2.4 million households in the Commonwealth with a median household income of \$53,686 according to the 2000 Census. Over 40 percent of the households are classified as low- and moderate-income. In addition, 9.8 percent of the total number of households are living below the poverty level. Individuals in these categories may find it challenging to qualify for traditional mortgage loan products.

Households classified as “families” total slightly over 1.5 million. Of all family households, 20.5 percent are low income, 17.7 percent are moderate income, 22.3 percent are middle income, and 39.5 percent are upper income. The median family income according to the 2000 census was \$65,318. The Housing and Urban Development (“HUD”) adjusted median family income is \$82,684. The adjusted median family income is updated yearly and takes into account inflation and other economic factors.

The Commonwealth of Massachusetts contains 1,361 Census tracts. Of these, 114 or 8.4 percent are low-income; 295 or 21.7 percent are moderate-income; 628 or 46.1 percent are middle-income; 319 or 23.4 percent are upper-income; and 5 or 0.4 percent are NA or have no income designation. The five census tracts with no income designation are located in Bridgewater (a correctional facility), Boston (islands in Boston Harbor), Amherst (U MASS campus), Harvard (Fort Devens), and Grafton (Tufts Veterinary School). These Census tracts contain no housing units and will not be included in this evaluation since they provide no lending opportunities.

The median housing value for Massachusetts was \$209,519 according to the 2000 Census. However, recent figures from the Warren Group, publishers of the Banker and Tradesman, show the median price for a single-family dropped 11.6 percent from \$345,000 in 2007 to \$305,000 in 2008. Fluctuating housing values have a direct effect on the types of financial products adequate for homeowners and property buyers.

The unemployment rate for the state of Massachusetts as of January 2010 was 9.5 percent, up from 7.7 percent in February 2009. This represents a significant increase from 2007 when the unemployment rate stood at 4.5 percent. A consistent increase in job losses may impact borrowers’ ability to remain current on mortgage loan obligations and correlates with high delinquency and rising default rates.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

SunTrust Mortgage Inc.'s Lending Test performance was rated an overall Satisfactory. SunTrust's lender's lending efforts are rated under the five performance criteria: Geographic Distribution, Borrower Characteristics, Innovative or Flexible Lending Practices, Fair Lending Policies and Procedures, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the mortgage lending of SunTrust.

I. Geographic Distribution

The geographic distribution of loans was reviewed to assess how well SunTrust is addressing the credit needs throughout the Commonwealth of Massachusetts' low-, moderate-, middle-, and upper-income Census tracts.

The mortgage lender's geographic distribution of loans is consistent with the distribution of owner occupied housing units and the performance of the aggregate's distribution of loans in the Commonwealth. The manner in which the lender obtains applications and the volume of applications is significant given that there is no branch presence within the Commonwealth. SunTrust's distribution of loans reflects an adequate distribution of loans in the Commonwealth.

The following table presents SunTrust's HMDA reportable loans as well as the 2008 aggregate data (exclusive of SunTrust Mortgage, Inc.). In addition, the table also reflects the percentage of owner-occupied housing units in each of the Census tract income categories.

<i>Distribution of HMDA Loans by Income Category of the Census Tract</i>								
<i>Census Tract Income Level</i>	<i>% Total Owner-Occupied Housing Units</i>	<i>SunTrust Mortgage 2008</i>		<i>Aggregate Lending Data (% of #) 2008</i>	<i>SunTrust Mortgage 2009</i>		<i>SunTrust Mortgage Total</i>	
		<i>#</i>	<i>%</i>		<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
<i>Low</i>	1.6	49	2.1	2.2	30	1.0	79	1.4
<i>Moderate</i>	12.8	320	13.6	14.2	185	5.9	505	9.2
<i>Middle</i>	54.0	1,284	54.7	51.8	1,389	43.8	2673	48.4
<i>Upper</i>	31.6	694	29.6	31.7	1,565	49.3	2259	41.0
<i>NA*</i>	0	0	0.0	0.1	0	0.0	0	0.0
<i>Total</i>	100.0	2,347	100.0	100.0	3,169	100.0	5516	100.0

Source: 2008 and 2009 HMDA Data and 2000 U.S. Census

As reflected in the above table, the highest concentration of residential loans was originated in the middle- and upper-income census tracts. Given that 85.6 percent of the area's owner-occupied housing units are in middle and upper-income census tracts, it is reasonable to find the majority of loans originated within these designated census tracts.

Of the 2,347 loans originated in 2008, 13.6 percent of the total loans were in the moderate-income geographies. This percentage exceeds the percentage of the area's owner occupied housing units in moderate-income geographies at 12.8 percent and is slightly below the aggregate percentage at 14.2 percent. Lending to low-income geographies is in line with the aggregate lenders at 2.2 percent and exceeds the percentage of owner occupied housing units in low income geographies.

For 2009, the lender showed an increase in overall loan volume. There was a decrease in lending to low- and moderate-income census tracts while the percentage of lending to middle and upper-tracts increased from 2008. Overall, the geographic distribution of residential loans reflects a reasonable dispersion throughout the Commonwealth.

II. Borrower Characteristics

The distribution of loans by borrower income levels was reviewed to determine the extent to which the lender is addressing the credit needs of the Commonwealth's residents.

SunTrust achieved an adequate record of serving the mortgage credit needs among borrowers of different income levels based on the area's demographics and a comparison to aggregate lending data in Massachusetts.

The following table shows HMDA-reportable loans to low-, moderate-, middle- and upper-income borrowers in comparison to the aggregate and the percentage of total families within the Commonwealth in each respective income group.

<i>Distribution of HMDA Loans by Borrower Income</i>								
<i>Median Family Income Level</i>	<i>% of Families</i>	<i>SunTrust Mortgage 2008</i>		<i>Aggregate Lending Data (% of #) 2008</i>	<i>SunTrust Mortgage 2009</i>		<i>SunTrust Mortgage Total</i>	
		<i>#</i>	<i>%</i>		<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
<i>Low</i>	20.5	105	4.4	5.0	76	2.4	181	3.3
<i>Moderate</i>	17.7	434	18.5	16.9	457	14.4	891	16.1
<i>Middle</i>	22.3	741	31.6	23.8	802	25.3	1543	28.0
<i>Upper</i>	39.5	1035	44.1	37.8	1815	57.3	2850	51.7
<i>NA*</i>	0	32	1.4	16.5	19	0.6	51	0.9
<i>Total</i>	100.0	2347	100.0	100.0	3169	100.0	5516	100.0

*Source: 2008 & 2009 HMDA Data and 2000 U.S. Census *Income Not Available*

As shown in the above table, upper-income borrowers accounted for the highest proportion of total loans, with 44.1 percent originated in 2008 by SunTrust Mortgage. The proportion of total loans to middle- and upper-income borrowers exceeded the percentage of families in those income tracts.

Lending to moderate-income borrowers, at an overall 18.5 percent was above the percentage of moderate-income families at 17.7 percent and exceeded the performance of the aggregate at 16.9 percent.

SunTrust's lending to low income borrowers was consistent with the performance of the aggregate. Considering the high housing costs throughout Massachusetts, the number of low-income borrowers with the financial ability to qualify for residential loans is limited.

Loan data for 2009 was also presented to show the distribution by borrower income of SunTrust's mortgage loans. This additional information illustrated that in 2009 the lender's total loan volume increased while lending to low and moderate-income borrowers decreased.

III. *Innovative or Flexible Lending Practices*

SunTrust offers a number of flexible lending products, which are provided in a safe and sound manner to address the credit needs of low-and moderate-income individuals or geographies.

SunTrust's main objective in residential lending is to participate in the growth of its communities. It is SunTrust's policy to encourage residential lending while ensuring the company's standards for safety and soundness are properly supported. Since 2008, SunTrust has introduced the following products:

SunTrust has delegated underwriting authority for Fannie Mae's Agency Affordable Lending Products. The products serve low- and moderate-income borrowers and communities with flexible terms and many options. Products include The MyCommunityMortgage Program and the Fannie Mae's Teacher, Healthcare Worker and Safety 1st Program. These programs offer 15-40 year loan terms with fixed rates and interest only options. Also, the programs have more lenient qualifying ratios than other products. In addition, there are flexibilities with options to serve teachers, police officers, firefighters, and health care workers. In 2008 and 2009, there were 30 loans closed with the Fannie Mae Agency Affordable Lending Product with a total loan volume of \$7,834,000.

Pre-Purchase First Time Homebuyer education is required on purchase transactions for borrowers obtaining a MyCommunity loan or the Teacher, HealthCare Worker and Safety 1st loan. With these programs, post-purchase early delinquency counseling is also required.

SunTrust's Rural Housing Programs is an innovative loan program that provides 100% financing for eligible homebuyers in rural-designated areas. This program is offered through SunTrust's Wholesale Business Channel. This program is for home purchase transactions, offers fixed rates and does not require a downpayment. Income requirements do apply and borrowers can earn no more than 115% of the HUD median income for their area, adjusted by family size. The property must be located in a rural development designated area and meet additional requirements. In 2008 and 2009, SunTrust closed 5 rural housing loans with a dollar volume of \$956,000.

SunTrust offers FHA (Federal Housing Administration)-insured mortgages. The FHA loans offer low down payments and liberal qualifying ratios. Also, FHA borrowers do not have to meet maximum income qualifications, as with many other government programs. Maximum loan amounts, however, are set by region across the country. Other options include VA loans where the Department of Veterans Affairs guarantees repayment of loans made to veterans with no down payment in most cases and liberal qualifying guidelines. SunTrust underwrites its own VA loans.

In 2008, SunTrust closed 523 FHA and VA loans totaling \$130,306,000 in dollar volume. In 2009, there was a decrease in lending FHA and VA loans. There were 153 loans totaling \$43,220,000 in dollar volume.

SunTrust manages its written policies and procedures to ensure each applicant's ability and willingness to repay their debt is evaluated in accordance with internal policy and investor requirements.

IV. Fair Lending

The Division examines a mortgage lender's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-103 and Regulatory Bulletin 5.3-101. The mortgage lender's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. The review included, but was not limited to, review of written policies and procedures, interviews with mortgage lender personnel, and individual file review. No evidence of disparate treatment was identified.

SunTrust's Fair Lending policy is to offer and extend all of its products and services, including credit products, to any qualified applicant without regard to race, sex, religion, color, national origin, age, marital status, familial status, disability, veteran status, sexual orientation, gender identity, or any basis prohibited by applicable law. Complying with this policy is the responsibility of every employee, line of business, and corporate function.

SunTrust is committed to having a comprehensive fair lending program, which starts with a commitment to fair lending by the executive management and Board of Directors and extends to the staff.

The lender's commitment to fair lending further extends to SunTrust's monitoring of the lending process. SunTrust ensures customers are treated fairly by conducting ongoing monitoring, which includes: assessing credit policies for fairness; monitoring to ensure customers are treated consistently and fairly; and carefully reviewing marketing and advertising practices for compliance with the letter and spirit of fair lending laws. On a quarterly basis, SunTrust reviews its policies and procedures. Once a year, SunTrust does a pricing matched pair review and a matched pair file review.

Furthermore, the commitment to fair lending includes regular training on fair lending laws and policies through SunTrust University (STU). All operations and compliance personnel, who handle consumer and small business credit requests, are required to complete Fundamentals of Fair Lending, a basic anti-discrimination and fair lending training course. Another required fair lending training course, Advanced Fair Lending, provides an in-depth coverage of the laws and rules designed to prohibit discrimination during the extension of the credit process. The training covers loans offered by Branch Banking, Consumer Lending, Mortgage and Commercial Banking. The focus is on preventing discrimination when quoting interest rates, taking loan applications, pricing loans, underwriting applications for credit, and during the servicing and collections process. This course is a required training for all loan officers, mortgage loan originators, underwriters, and credit and key operational/compliance risk management associates. This includes all associates who negotiate credit terms and pricing, or who are responsible for developing, enforcing, or monitoring underwriting guidelines, credit policies, and compliance regulations.

In addition to Fair Lending trainings, SunTrust provides trainings through ProSchools and TrainingPro, which are both officially approved as a mortgage education provider through the Nationwide Mortgage Licensing System. SunTrust provides a course catalog to employees, outlining the courses offered, description of classes, and the required participants. Classes are either conducted on-line or in a classroom setting.

SunTrust has established underwriting guidelines for each loan product. Underwriting standards do not appear to arbitrarily exclude prohibited basis groups from qualifying for a mortgage.

SunTrust Mortgage maintains a Loan Officer Compensation Plan. Compensation for Loan Originators is driven by a base salary as well as commission. SunTrust recently eliminated discretionary pricing from its retail business.

With the majority of SunTrust's Massachusetts business being generated through correspondent and broker relationships, SunTrust diligently oversees the performance of its third party relationships.

SunTrust conducts internal monitoring performed by SunTrust Audit Services. On a quarterly basis, testing is done which includes closed loan production and compliance with state and federal regulations. In addition, on a semi-annual basis, targeted reviews are performed to ensure adequate coverage of regulations such as Flood Zone and Construction Permanent Loans. SunTrust Audit Services also performs risk based audits relating to credit, compliance, collections, loss mitigation and repurchases

SunTrust Mortgage's Legal Elevated Complaints Team oversees regulatory, legislative, or litigation related complaints regarding mortgage loan production and servicing. Any complaints alleging discrimination or unfair treatment are reviewed by the Fair Lending Team. For Massachusetts consumers, there were five complaints filed with SunTrust in 2008 and three complaints filed in 2009. The complaints were related to loan default, loan modifications, insurance coverage and property values.

MINORITY APPLICATION FLOW

For 2008 and 2009, SunTrust received 7,096 HMDA-reportable loan applications from within the Commonwealth of Massachusetts. Of these applications, 559 or 7.9 percent were received from minority applicants, of which 403 or 72.1 percent resulted in originations. SunTrust received 137 or 1.9 percent of HMDA reportable applications from ethnic groups of Hispanic origin within its assessment area of which 70 or 51.1 percent were originated.

Refer to the following table for information on the mortgage lender's minority application flow as well as a comparison to aggregate lenders throughout the Commonwealth of Massachusetts. The comparison of this data assists in deriving reasonable expectations for the rate of applications the mortgage lender received from minority applicants.

MINORITY APPLICATION FLOW								
RACE	SunTrust Mortgage 2008		2008 Aggregate Data		SunTrust Mortgage 2009		SunTrust Mortgage Total	
	#	%	#	%	#	%	#	%
<i>American Indian/Alaska Native</i>	3	0.1	687	0.2	1	0.1	4	0.1
<i>Asian</i>	71	2.3	11,734	3.5	331	8.3	402	5.6
<i>Black/ African American</i>	72	2.3	11,683	3.5	27	0.5	99	1.4
<i>Hawaiian/Pac Isl.</i>	2	0.1	639	0.2	1	0.1	3	0.1
<i>2 or more Minority</i>	0	0.0	280	0.1	0	0.0	0	0.0
<i>Joint Race (White/Minority)</i>	27	0.9	3,174	1.0	24	0.6	51	0.7
Total Minority	175	5.7	28,197	8.5	384	9.6	559	7.9
<i>White</i>	1913	61.5	232,490	69.7	2,131	53.5	4044	57.0
<i>Race Not Available</i>	1,022	32.8	72,886	21.8	1,471	36.9	2493	35.1
Total	3,110	100.0	333,573	100.0	3986	100.0	7096	100.0
ETHNICITY								
<i>Hispanic or Latino</i>	68	2.2	13,185	3.9	39	1.0	107	1.5
<i>Not Hispanic or Latino</i>	2,014	64.8	244,554	73.3	2471	62.0	4485	63.2
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	10	0.3	2,634	0.8	20	0.5	30	0.4
<i>Ethnicity Not Available</i>	1,018	32.7	73,200	22.0	1456	36.5	2474	34.9
Total	3,110	100.0	333,573	100.0	3986	100.0	7096	100.0

Source: PCI Corporation CRA Wiz, Data Source: 2000 U.S. Census Data

Demographic information for Massachusetts reveals that the total ethnic and racial minority population stood at 18.12 percent of the total population in 2008. This segment of the population is comprised of 6.75 percent Hispanic or Latino; 5.01 percent Black; 3.73 percent Asian; .18 percent American Indian; .03 percent Native Hawaiian/Other Pacific Islander; and 2.42 percent identified as Other Race.

SunTrust's performance was lower than the 2008 aggregate's performance for racial minority applications. SunTrust received 5.7 percent of its applications from racial minorities while the aggregate received 8.5 percent. The mortgage lender's performance was also below the aggregate for applications from ethnic minorities. SunTrust received 2.5 percent of its applications from ethnic minorities while the aggregate received 4.7 percent. The number of racial minority applicants increased from 2008 to 2009 from 5.7 percent to 9.6 percent; while the number of applications from ethnic minorities decreased from 2.5 percent in 2008 to 1.5 percent in 2009.

Overall, the mortgage lender's performance in this area is considered reasonable.

V. Loss of Affordable Housing

This review concentrated on the suitability and sustainability of mortgage loans originated by SunTrust Mortgage by taking into account delinquency and default rates of the mortgage lender and those of the overall marketplace. Information provided by the lender was reviewed, as were statistics available on delinquency and default rates for mortgage loans. Additionally, individual mortgage loans were tracked for their status through local Registries of Deeds and other available sources including public records of foreclosure filings.

An extensive review of information and documentation, from both internal and external sources as partially described above, did not reveal lending practices or products that showed an undue concentration or a systematic pattern of lending, including a pattern of early payment defaults, resulting in the loss of affordable housing units. Further, delinquency rates were found to be consistent with industry averages.

SERVICE TEST

The service test evaluates a mortgage lender's record of helping to meet the mortgage credit needs in the Commonwealth by analyzing both the availability and effectiveness of a mortgage lender's systems for delivering mortgage loan products; the extent and innovativeness of its community development services; and loss mitigation services to modify loans or otherwise keep delinquent home loan borrowers in their homes. Community development services must benefit the Commonwealth or a broader regional area that includes the Commonwealth.

SunTrust Mortgage's Service Test performance was determined to be "High Satisfactory" at this time.

Mortgage Lending Services

The Commissioner evaluates the availability and effectiveness of a mortgage lender's systems for delivering mortgage lending services, pursuant to the following criteria:

- (a) the availability and effectiveness of systems for delivering mortgage lending services (e.g., Internet, telephone solicitation, direct mail) in low- and moderate-income geographies and to low- and moderate-income individuals, including, to the extent applicable, the current distribution of the mortgage lender's branches among low-, moderate-, middle-, and upper-income geographies;
- (b) efforts to work with delinquent home mortgage loan borrowers to facilitate a resolution of the delinquency, including the number of loan modifications, the timeliness of such modifications, and the extent to which such modifications are effective in preventing subsequent defaults or foreclosures; and
- (c) the range of services provided in low-, moderate-, middle-, and upper- income geographies and the degree to which the services are tailored to meet the needs of those geographies.

SunTrust effectively provides mortgage lending services for home purchases and refinance transactions in Massachusetts primarily through broker and correspondent channels. Also customers can apply to SunTrust for a mortgage over the telephone and via the company's website. SunTrust does not have a physical presence in Massachusetts. The lender closed its only Massachusetts's branch office located in Agawam, Massachusetts in October 2006. SunTrust Mortgage, Inc., however, has two locations licensed to conduct Massachusetts business. They are located in Portsmouth, New Hampshire and Richmond, Virginia.

SunTrust Mortgage has an internal Loan Servicing Department and services loans that are maintained in its own portfolio as well as those sold to investors, which include Chase Manhattan, FHLMC, FNMA, GNMA, and Wells Fargo. The function of the Servicing Department is to collect timely mortgage payments and provide loss mitigation efforts. Loan Servicing and Loss Mitigation services are offered via the telephone, internet, direct mail and in person to all borrower income levels and geographies.

SunTrust accepts mortgage payments via wire funds, by overnight mail to SunTrust Mortgage, Inc. Payment Processing, 1001 Semmes Avenue, Richmond, Virginia or by accessing SunTrust's online payment system. EPay is a no-cost electronic payment option. SurePay ACH, another payment method, is a no-cost automatic payment option, where borrowers can authorize a reoccurring monthly mortgage from their bank account. Just-In-Time Payment Process is a one time deduction from a borrower's bank account to make a mortgage payment and a fee does apply.

The Loss Mitigation Department works with delinquent homeowners to facilitate a resolution of delinquency. SunTrust provides several options available which include: short-term forbearance agreements or long term repayment plans, short sales, deeds in lieu of foreclosure, and loan modifications. Loan modifications available: capitalizing delinquent payments, extending the repayment term or reducing the interest rate, or converting the loan from an adjustable rate mortgage (ARM) loan to a fixed-rate loan.

In 2007, SunTrust joined as a partner with the HOPE NOW Alliance and has been actively involved since its inception. HOPE NOW is an alliance between counselors, mortgage companies, investors, and other mortgage market participants. This partnership maximizes outreach efforts to homeowners in distress to help them stay in their homes and creates a coordinated plan to reach and help as many homeowners as possible.

As an active member of the HOPE NOW Alliance and in collaboration with other partners of HOPE, in 2007, SunTrust agreed to create a dedicated email and toll-free phone portal of all 3,200 HUD approved counseling agencies across the United States. Through SunTrust's collaborative efforts of the email and toll free portal for HOPE, from July 2007 through September 2009, HOPE was able to assist 71,035 Massachusetts homeowners facing foreclosure.

In 2008 and 2009, SunTrust took additional steps to reach out to delinquent home owners. In October 2008, mailers were sent to homeowners in Massachusetts who were more than 120 days late with payments. The mailers offered loan modifications that reduced monthly mortgage payment amounts. Another mail promotion in the same month was sent to customers who were more than 90 days late with their mortgage payments. Additionally, in January 2009, SunTrust had another mailing, which made customers aware of SunTrust's Home Retention Team.

Of the 222 borrowers that received loss mitigation assistance, 144 or 65 percent of the borrowers remain current on their mortgage payments as of May 2010, while 78 or 35 percent resulted in loan delinquency or foreclosure.

Also in 2008, SunTrust launched a special web page on its website where customers can learn more about loss mitigation options and also start the loss mitigation process by submitting their financial information on-line.

SunTrust, to further strive to provide the highest level of responsiveness in the current economic conditions and foreclosure crisis, created a special team within the Loss Mitigation Department. The team supports and facilitates federal, state, and local home preservation/foreclosure prevention initiatives that offer key strategies for borrowers experiencing an inability to make their mortgage payments.

Members of this special team attended two HOPE NOW foreclosure prevention events, which were held in Boston in 2008 and 2009. During these events, team members represent SunTrust and meet face to face with clients who are experiencing a hardship or facing foreclosure. In addition, the team interfaces with third parties representing government agencies such as the U.S. Housing and Urban Development and also HUD approved counseling agencies which include:

- HOPE NOW Alliance - made up of 30 mortgage servicers, Fannie Mae and Freddie Mac, mortgage investors and HUD non-profit counselors.
- NeighborWorks America - a national nonprofit organization created by Congress to provide financial support, technical assistance, and training for community-based revitalization efforts.
- Homeownership Preservation Foundation - the administrator and owner of the HOPE Hotline.
- HOPE Loan Portal - the on-line HOPE Now alliance portal sponsored by the Department of Treasury, Fannie Mae, Freddie Mac, and the Homeownership Preservation Foundation.

Since January 2008, SunTrust's Loss Mitigation Department increased its special counseling and management staff by more than 300% to ensure clients received proper assistance. There are a total of 461 employees working in the Loan Servicing Department for loss mitigation and foreclosures.

Community Development Services

Community development means:

- (a) Mortgage products and other efforts to assist low- and moderate-income individuals to acquire or remain in affordable housing;
- (b) community services targeted to low- and moderate-income individuals;
- (c) Activities that revitalize or stabilize -
 - (1) Low- or moderate-income geographies;
 - (2) Designated disaster areas; or
 - (3) Distressed or underserved non-metropolitan middle-income geographies designated by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency; or
 - (4) Any other such area as determined by the Commissioner based on -
 - (A) Rates of poverty, unemployment, and population loss; or
 - (B) Population size, density, and dispersion. Activities revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community and economic development needs, including needs of low- and moderate-income individuals.

A community development service is a service that:

- (a) has as its primary purpose community development; and
- (b) is related to the provision of financial services, including technical services

The Commissioner evaluates community development services pursuant to the following criteria:

- (a) the extent to which the mortgage lender provides community development services; and
- (b) the innovativeness and responsiveness of community development services.

SunTrust Mortgage provides a high level of Community Development Services.

As stated above, in 2008 and 2009, SunTrust Mortgage, and other alliance members of HOPE NOW hosted the Homeownership Preservation Workshops in Boston, MA. The workshops were outreach initiatives designed to allow homeowners at risk of foreclosure an opportunity to meet with their mortgage servicers and a local foreclosure counseling organization face-to-face for free. In 2008 and 2009 SunTrust contributed towards the Home Preservation Workshop benefiting Massachusetts consumers.

SunTrust is a partner of and contributed to the NeighborWorks Center for Foreclosure Solutions, an initiative of NeighborWorks America, a national nonprofit organization created by Congress to preserve homeownership in the face of rising foreclosure rates. In conjunction with national nonprofit, mortgage and insurance partners, the Center builds capacity among foreclosure counselors around the nation, conducts public outreach campaigns to reach struggling homeowners, and researches local and national trends to develop strategic solutions. In cities and states with high rates of foreclosure, the Center works with local leaders to create sustainable foreclosure intervention programs. Already the Center's work has reached thousands of homeowners. There are 14 NeighborWorks member organization centers across Massachusetts. All agencies offer free counseling services and are funded by the U.S. Department of Housing and Urban Development or the National Foreclosure Mitigation Counseling Program administered by NeighborWorks America.

In 2009, SunTrust partnered with the Federal Trade Commission (“FTC”) in promoting its anti-scam campaign. This was an initiative in response to President Obama’s call to target mortgage loan modification fraud and foreclosure rescue scams that threaten to hurt American homeowners and prevent them from getting the help they need during these challenging times. Under the new campaign, SunTrust and other several private sector national loan servicers distributed FTC consumer alerts that provide consumers with tips for avoiding mortgage relief scams and direct them to free, legitimate counseling services for at-risk homeowners. The servicers will distribute the materials in monthly statements, in correspondence to delinquent borrowers, in counseling sessions, and on their websites

United Way support has been a cornerstone of SunTrust community development activities over the years, including both financial contributions and significant involvement by management and other staff on boards and committees.

United Way of America works with nearly 1,300 local United Way offices throughout the country in a coalition of charitable organizations to pool efforts in fundraising and support. The focus of United Way is identifying and resolving pressing community issues, as well as making measurable changes in the communities through partnerships with schools, government agencies, businesses, organized labor, financial institutions, community development corporations, voluntary and neighborhood associations, the faith community, and others. The issues United Way offices focus on are determined locally because of the diversity of the communities served. However, the main focus areas include Education, Income and Health.

During 2008 and 2009, 214 SunTrust teammates served on the boards of or assisted in fund raising activities for United Way Chapters. Local United Way chapters provide support to national organizations that have offices or chapters in their market areas (such as American Red Cross, American Cancer Society, Big Brothers Big Sisters, Boys and Girls Clubs, CASA for Children, and many more). Therefore, support for local chapters has nationwide benefit.

Qualified Investments

A qualified investment is a lawful investment, deposit, membership share, or grant having as its primary purpose community development.

SunTrust Mortgage made qualified contributions totaling \$365,000 to benefit organizations whose primary purpose is community development. The recipient organizations were national organizations that benefit Massachusetts citizens through their services: First Book, HOPE NOW and Neighborworks Center for Foreclosure Solutions.

In addition to monetary contribution, the President of SunTrust serves on the Board of Directors of First Book. First Book is a national non-profit organization with a single mission: to give children from low-income families the opportunity to read and own their first new books. First Book was founded in 1992, and since that time they have distributed more than 50 million books to children in over 3,000 communities around the country.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 255E, Section 8, and 209 CMR 54.00, the Mortgage Lender Community Investment (MLCI) regulation, requires all mortgage lenders to take the following actions within 30 business days of receipt of the MLCI evaluation of their mortgage lender:

- 1) Make its most current MLCI performance evaluation available to the public.
- 2) Provide a copy of its current evaluation to the public, upon request. In connection with this, the mortgage lender is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the mortgage lender's evaluation, as prepared by the Division of Banks, may not be altered or abridged in any manner. The mortgage lender is encouraged to include its response to the evaluation in its MLCI public file.

The Division of Banks will publish the mortgage lender's Public Disclosure on its website no sooner than 30 days after the issuance of the Public Disclosure.