Consent Order Response - Management Information Systems (MIS) (Section 11)

Consent Order Response

Management Information Systems

(Consent Order Section 11)

Version:	5
Date:	October 6, 2011

SunTrust

Table of Contents

1. Management Information Systems

1.1 Introduction

Please find the updated response for the Management Information System (MIS) Consent Order.   This response submitted September 20, 2011 has been modified from its original version to address the feedback and comments received from the Federal Reserve Bank (FRB) on September 2, 2011.

SunTrust's understanding of the feedback from the FRB was the MIS response should focus not on the technology, but rather on how information is shared across the organization to permit effective decision making for residential mortgage servicing, loss mitigation and foreclosure activities.   This response addresses the processes, policies and structures currently in place or under development to facilitate timely delivery of complete and accurate information across the organization.

To address these concerns this response documents the MIS target state. The goal of the target state is to support the needs of the business starting from the Board of Directors, followed by Senior Management, Business Units and Line Managers. The MIS framework is presented as an organized reporting structure with people, information, processes, technology and policies in place. Within this structure the people involved have assigned roles and responsibilities to support the organization. The information is actively shared and accessible through standard and ad-hoc reports and presentations that are produced and reviewed. The processes are the organized and scheduled meetings to facilitate discussion and decisions as well as the feedback mechanisms to assure two-way communication between domains. There are also data quality and data governance processes to manage the technology which maintains the governed data. Finally the policies are driven from SunTrust's Risk Management Framework, as the entire reporting structure is under the oversight of SunTrust's Corporate Risk Management Group.

SunTrust is actively working to reach the targeted MIS state; however there are gaps within today's processes that are addressed in this document as well as the action plan in place to close identified gaps.

1.2   Overview

About SunTrust and SunTrust Mortgage

SunTrust Banks, Inc., headquartered in Atlanta, GA, is one of the nation's largest banking organizations, serving a broad range of consumer, commercial, corporate and institutional clients. As of June 30, 2011, SunTrust had total assets of $172.31 [1] billion and total deposits of $121.9[1] billion. SunTrust Mortgage, Inc., headquartered in Richmond, VA, ranks as the eighth[2] largest servicer in the mortgage industry with 1.5%[2] of the residential mortgage loan servicing market share, and services approximately 950,000 loans of which 94% are current. SunTrust Mortgage is licensed to operate in 49 states (excluding Hawaii).

The SunTrust Mortgage Program

During the early stages of the economic crisis, SunTrust recognized that the mortgage industry in general, and SunTrust Mortgage in particular, was facing unprecedented challenges. This was further evidenced by historical levels of delinquencies, loss mitigation and foreclosure activity. These challenges required significant changes in business practices, controls, infrastructure, existing processes, products and systems, resulting in significant redesign and enhancement to meet the demands of the changing environment.

As a result, since 2007, SunTrust has aggressively been adding staff, developing enhanced processes, improving controls, and investing in systems and reporting capabilities across all areas of the mortgage business. This work is collectively referred to as "The Mortgage Program," and it continues today with significant investments that are providing improved levels of service to our clients and the assurance of quality execution and delivery. The focus of The Mortgage Program can be broadly categorized into three areas: Strategy and Leadership, Originations, and Servicing and Default.

---

[1] *SunTrust Quarterly Earnings Statement, June 2011*
[2] *Inside Mortgage Finance, March 2011*

Strategy and Leadership

The purpose of our Strategy and Leadership efforts is to redefine the strategic vision for the mortgage company and instill a culture of quality throughout the organization. We have engaged an independent third party to assist us in the definition of our strategic vision and to confirm our actions are aligned with the direction of the mortgage industry. Through this initiative, we are committed to improving all aspects of the mortgage company including our people, our processes and our technology.

A significant milestone in this effort began with an organizational restructuring that was announced on April 1, 2010. We created a new Consumer Banking organization reporting to ██████ a Corporate Executive Vice President and now Head of Consumer Banking. The Consumer Banking structure includes our mortgage business as well as credit card, consumer lending and branch banking businesses. All of the origination, underwriting, servicing and operations for the lending areas within Consumer Banking, including our mortgage business, now report to ██████ Additionally, all of the risk functions that were part of SunTrust Mortgage are now part of the Consumer Banking organization. Further, we have added significant resources to the Credit, Operational Risk, Compliance and Modeling and Analytics teams that support our mortgage business. Another key advantage of this new organizational structure is that risk, underwriting and other key operational areas are managed independently of the sales and production area.

In addition to ██████ appointment, in April 2011, Jerome Lienhard was named as the President and Chief Executive Officer of SunTrust Mortgage, Inc. Mr. Lienhard is a seasoned banking veteran with extensive experience in the mortgage industry. Mr. Lienhard is currently conducting an internal management assessment, within SunTrust Mortgage, to identify the appropriate leaders necessary to enact the desired cultural change. This assessment is informed by the work previously performed by an independent third party regarding the organizational structure of the mortgage company.

Originations

Over the past twenty-four months, SunTrust and SunTrust Mortgage have made significant investments in the areas of mortgage originations and fulfillment to stabilize the environment and define the strategy for the future. In the third quarter of 2009, SunTrust launched a foundational mortgage origination and fulfillment

transformation program called **Charles Gepford** (**Char** . **Charl** defines a new, industrialized future state originations process that positions SunTrust to successfully compete in the evolving mortgage originations environment **Charl** represents a fundamental cultural shift from a distributed, disparate, manual originations process to a standardized, centralized, automated process. The result is a strategic initiative that will deliver faster, more predictable results at a lower cost, improve loan quality and investor relationships, and provide better quality service for our clients, teammates and partners.

Servicing and Default

Beginning in 2007, in response to deteriorating economic conditions and the historically unprecedented stress in the mortgage portfolio, SunTrust launched a large-scale transformational program focused on applying a more disciplined approach to default management. This transformational program is known as the Default Program. The Default Program defined a common vision for default management across our consumer loan products and centralized the organization. This single default organization comprises all default activities, including Collections, a greatly enhanced Loss Mitigation function, Foreclosure, Bankruptcy, Real Estate Owned (REO) Management, Recovery, the newly created analytics group (CBRA – Consumer Bank Risk Analytics) and the Default Operational Risk and Compliance team.

Within the Default Program, an important project we have underway is the implementation of enhanced processes supported by the ▇▇▇▇▇▇ workflow system as our end-to-end default management solution. The new solution is intended to improve the efficiency of handoffs between collections, loss mitigation and foreclosure, enhance loss mitigation eligibility and the decision process, and enable SunTrust to more rapidly adjust to changes in the regulatory environment. The ▇▇▇▇▇▇ project began in late 2008 and to date we have invested more than ▇▇▇▇▇ to customize and install the system. We have applied a phased approach to the installation, with our own portfolio converted in July 2010, which accounted for 15% of loans serviced, and the Fannie Mae and Freddie Mac portfolios converted in October 2010, which accounts for another 70% of loans serviced. The remainder of the servicing portfolio, which includes Federal Housing Administration (FHA), Veterans Affairs (VA) and private investors, is scheduled for conversion during the fourth quarter of 2011. Work continues with this system to implement various enhancements, as well as modifications necessary to comply with the new single point of contact requirements.

The SunTrust Consent Order Response Program

SunTrust's Consent Order became effective on April 13, 2011. In anticipation of the Order, SunTrust created a formal program organization, comprised of individual working teams for each section of the Consent Order, to respond to the concerns and actions cited in the Order. A senior executive from SunTrust was designated as the sponsor for each working team and another executive was identified as the program lead for each working team. The overall program sponsor is ███████ Corporate Executive Vice President and Head of Consumer Banking. The program executive manager and day-to-day supervisor is ███████, Senior Vice President, Consumer Banking Administration. Both have significant experience in leading large, transformational programs. Not including the independent third parties engaged to perform the Risk Assessment and Foreclosure Review, more than fifty dedicated resources have been focused on the Consent Order.

SunTrust's Consent Order response program is supported by a formal governance structure, including a Steering Committee comprised of the Chief Risk Officer, Head of Consumer Banking, President and Chief Executive Officer (CEO) of the Mortgage Company, Chief Legal Counsel and Corporate Compliance Officer. The Steering Committee meets on a weekly basis to review the status of the program, provide direction to the individual work teams and address any escalated issues or risks. The General Auditor of SunTrust also attends these meetings. In addition to the Steering Committee, the program is supported by a Program Management Office (PMO), which facilitates a weekly cross-work team meeting to share program direction and feedback from the Steering Committee or Federal Reserve Bank, manage dependencies between working teams, discuss common issues and risks, and confirm adherence to program operating principles and processes. Finally, each of the working teams is supported by a full-time project manager who is responsible for facilitating working team meetings, at minimum, on a weekly basis. The working team project managers are required to submit weekly progress reports and maintain a high-level project plan for both the Consent Order response and their defined action plan to remediate any identified gaps.

1.3   Work Stream Overview

This document is focused on SunTrust's Management Information Systems (MIS) as it relates to residential mortgage loan servicing, loss mitigation and foreclosure. MIS is the program that provides information needed to manage the organization effectively. It consists of technology, processes, information and people.

The MIS work stream is focused on the facilitation of the flow of information across the business from the Board of Directors to the Line Managers. It is important that business decisions are based on timely, accurate and repeatable information that can be derived from MIS data. The governed data drives the information that is disseminated to different areas to support business decisions and actions. This work stream will focus on how MIS supports the overall Reporting Structure and its processes.

As documented in the Consent Order, a review of SunTrust's existing MIS was performed to assess any deficiencies and identify enhancements or remediations required to comply with the requirements of the Consent Order. This document provides an overview of the MIS current state, target state, current gaps and the action plan in place to reach the target state.

1.4   Consent Order Requirements

Req	Categorical Description	SunTrust's MIS plans must include:
11	**MIS Plan**	Within 60 days of this Order, the SunTrust Banks, Inc. and SunTrust Mortgage shall submit to the Reserve Bank an acceptable plan and timeline for the review and remediation, as necessary, of SunTrust Mortgage's management information systems (MIS) for their residential mortgage loan servicing, Loss Mitigation, and foreclosure activities to ensure the timely delivery of complete and accurate information to permit effective decision-making. The plan shall, at a minimum, provide for:
11.a	**MIS**	A description of the various MIS used or to be used by SunTrust Mortgage;
11.b	**Timetable**	A timetable for completion of the review;
11.c	**Timetable**	A timetable for the remediation of any identified deficiencies; and
11.d	**New systems or**	New systems or enhancements to the MIS to:

Req	Categorical Description	SunTrust's MIS plans must include:
	enhancements	I. monitor compliance with the Legal Requirements, supervisory guidance of the Board of Governors, and the requirements of this Order; II. ensure the ongoing accuracy of records for all serviced mortgages, including, but not limited to, records necessary to establish ownership and the right to foreclose by the appropriate party for all serviced mortgages, outstanding balances, and fees assessed to the borrower; III. ensure that the Loss Mitigation and foreclosure staffs have sufficient and timely access to information provided by the borrower regarding Loss Mitigation and foreclosure activities; and IV. ensure that the single point of contact has sufficient and timely access to information provided by the borrower regarding Loss Mitigation and foreclosure activities; and
11.e	**Testing**	Testing the integrity and accuracy of the new or enhanced MIS to ensure that reports generated by the system provide necessary information for adequate monitoring and quality controls.

1.5   Approach

To comply with the Consent Order a full review of SunTrust's MIS was conducted. This included reviewing the system, processes, information and people that support the timely delivery of complete and accurate information to facilitate effective decision making.

To meet the requirements of this Consent Order, the following activities were conducted:

- Reviewed the Reporting Structures across the Servicing and Default organizations. This review included the Reporting Structures of the Line Managers, Business Units, Senior Management, Board of Directors, and Corporate Risk Management

- Inventoried and reviewed the current internal and external reports against required capabilities

- Identified the list of applications and data systems included in the scope of the Consent Order

- Reviewed the MIS process to confirm alignment with SunTrust's Risk Management Framework

- Examined the data flows across the various systems; key criteria included data controls in place to assure that data quality is maintained

- Reviewed current data quality initiatives and processes planned or in place

The results of the analysis identified gaps from which we created an action plan to address the gaps. The action plan in its entirety addresses the specific requirements stated in the MIS section of the Consent Order.

1.6   Management Information

1.6.1 *Management Information Overview*

This section will begin by describing the MIS structure and how it ensures relevant and governed information flow, including MIS support of SunTrust's Risk Management Framework. This is followed by the data governance initiatives that are in place to assure timely, accurate and repeatable information. Finally, the current gaps and the action plans to reach the target state are highlighted.

1.6.2 *MIS Reporting Structure*

A major challenge, within any large organization is the ability to effectively and transparently share appropriate information in a timely manner. An organized reporting structure is a vital part of an organization's ability to function effectively and efficiently. Processes and standards must be in place to facilitate the top down direction and governance from the senior leadership and the bottom up risks, actions and commitments to the top. SunTrust has established an MIS Reporting Structure to address this challenge.

Figure 1: MIS Reporting Structure depicts SunTrust Reporting Structure for the residential mortgage loan servicing, loss mitigation and foreclosure activities. The Servicing and Default lines of business as it relates to the Consent Order include: Loan Servicing, Collections, Foreclosure, Loss Mitigation and Bankruptcy. The pyramid depicts the various levels of the organization. Starting from the top is the Board of Directors (BOD) followed by Senior Management, Business Units and Line Managers. It is a two-way communication path where risks, issues and action plans are surfaced to the top; and top down direction, decisions and governance are disseminated from leadership.
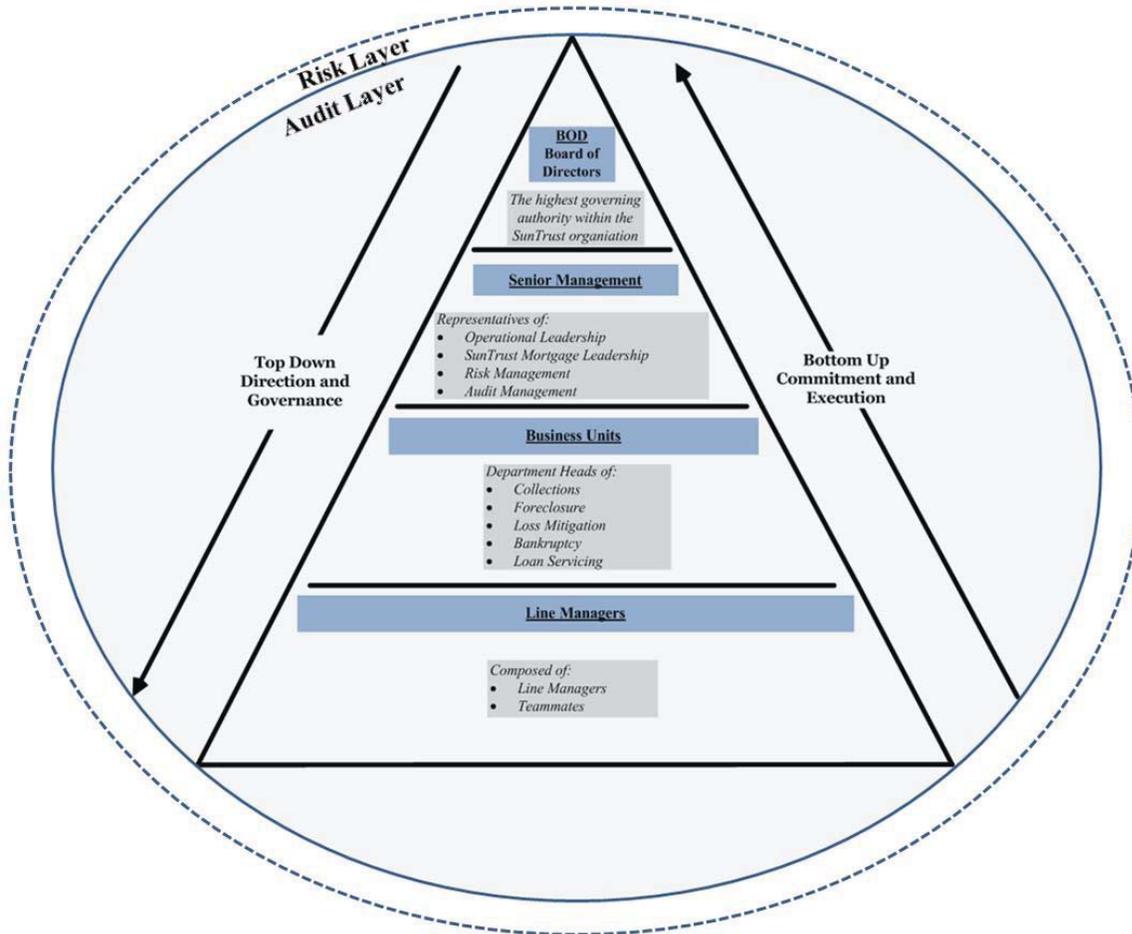
Figure 1: MIS Reporting Structure

Within each interaction layer exists Standards, Controls and Feedback to facilitate communication. Standards describe the processes in place to enable communication, i.e. standard meetings, reports, policies, and documents. Controls describe the various systems and processes designed to ensure information is relevant, sufficient, accurate and timely. The feedback loop is a conduit to assist the flow of information between the interaction levels.

Separate from the overall business functions are the Second and Third Lines of Defense, Corporate Risk Management and Audit functions respectively. These independent groups provide oversight to help ensure communication across all levels is relevant, sufficient, accurate and timely to manage risk. The Three Lines of Defense strategy is detailed in section 1.6.4.

The following section describes the Standards, Controls and Feedback that are a part of the Reporting Structure.

1.6.2.1 *Line Management*

Line Management is composed of line managers and their teammates. As the front line of the business, these employees regularly interact with SunTrust clients and are responsible for compliance with the processes and policies of the organization. Examples of front line groups within the Foreclosure unit include Foreclosure Setup, Pre-Foreclosure and Second Liens.

Standards

To help manage daily activities, Line Managers utilize information provided by source systems, Consumer Bank Risk Analytics (CBRA), and Consumer Banking Information Management (CBIM). This information assists in:

- Tracking progress

- Managing workload

- Validating adherence to risk policies and procedures

- Investigating root causes

Information is produced daily, weekly, monthly and on an ad-hoc basis in the form of reports, analysis and presentations.

Controls

The following controls are or will be in place to help ensure the information provided to the Line Management is timely, accurate and repeatable:

- Reporting Functions are independent from the Servicing and Default Lines of Business

- Standardized and consistent report development methodology

- Coding standards and report templates

- Centralized data governance processes. Please reference section 1.6.5 for additional information

- Centralized single repository of governed data.   Please reference section 1.6.5 for additional information

- Data reconciliation processes to facilitate data integrity across the system

Feedback

The feedback mechanism for the Line Managers is the opportunity to request clarification or revised information from CBRA or CBIM via an automated request system. This information is used to effectively communicate with the Business Unit department heads to illustrate progress, issues and risks.

1.6.2.2   Business Unit Management

As it pertains to the Consent Order, the Business Unit is composed of the department heads within Servicing and Default such as Foreclosure, Loss Mitigation, Customer Service Collections and Bankruptcy.   The department heads are responsible for managing overall risk within the scope of their business.   Key Performance Indicators (KPI) and Key Risk Indicators (KRI) to support this effort are delivered on a regular basis and contain information that includes inventories, in-flows, out-flows, timelines, performance and exceptions.

Standards

Business Unit managers have access to the same standards as the Line Managers. In addition, a summary report known as the Business Unit Monthly Summary will be created to provide a monthly consolidated view of the business to:

- Manage inventories

- Monitor work quality

- Track progress

- Identify trends

- Mitigate risk

The contents of this report will include key metrics that illustrate the health of the business. Business Unit Managers would utilize the reports to communicate with all levels of management. In addition, they may utilize the information to address issues, improve operations or investigate variances in expected performance.

Controls

The following controls are or will be in place to help ensure the information provided to the Business Units is timely, accurate and repeatable:

- Reporting Functions are independent from the Servicing and Default Lines of Business

- Standardized and consistent report development methodology

- Coding standards and report templates

- Centralized data governance processes. Please reference section 1.6.5 for additional information

- Centralized single repository of governed data. Please reference section 1.6.5 for additional information

- Data reconciliation processes to facilitate data integrity across the system

- Formal monthly Business Unit meetings will be conducted to review results and trends presented in the Business Unit Monthly Summary reports

- The Business Unit Monthly Summary reports will feed the Default Quality Review Presentation and Senior Management reports

Feedback

Similar to the Line Management, the Business Units have the opportunity to request clarification or revised information from CBRA. Furthermore, on a quarterly basis, CBRA reviews the utilization statistics of the

existing reports in partnership with the Business Units to determine usefulness and relevancy of the reporting. Decisions on decommissioned reports are derived from this process.

In addition to the communication inherent in the day-to-day management of the business, communication between Line Management and Business Unit will be facilitated through existing chartered committees and working groups (e.g., Mortgage Asset Quality, Operating Risk and Compliance Committee). During these meetings the Business Units have the opportunity to provide comments and root cause analysis for their specific scope of business.

1.6.2.3   Senior Management

The Senior Management Group is comprised of business leaders of multiple departments including from Operations, Servicing, Default, Risk Management, and SunTrust Mortgage leadership. These groups are responsible for oversight of the business as it relates to productivity and risk.

Standards

Senior Management has access to the same standards as the Business Units.   In addition, Senior Management will be provided a monthly presentation entitled the Default Quality Review that incorporates a summary analysis of all Business Units within Default. This report contains KPIs and KRIs that measure operational efficiency, quality and adherence to SunTrust policies and guidelines.

Communication between Senior Management and Business Unit Management is facilitated through existing chartered committees and working groups (e.g., Mortgage Asset Quality, Operating Risk and Compliance Committee).

A formal monthly meeting with the Senior Management group will be facilitated by CBRA to present the contents of the Default Quality Review.

Controls

The following controls are or will be in place to help ensure the information provided to Senior Management is accurate, timely and repeatable:

- Reporting Functions are independent from the Servicing and Default Lines of Business

- Standardized and consistent report development methodology

- Coding standards and report templates

- Centralized data governance processes. Please reference section 1.6.5 for additional information

- Centralized single repository of governed data.   Please reference section 1.6.5 for additional information

- Data reconciliation processes to facilitate data integrity across the system

- The Business Unit Monthly Summary will feed to the senior management reports

Feedback

In addition to the communication inherent in the day-to-day management of the business, communication between Business Units and Senior Management will be facilitated through existing chartered committees and working groups (e.g., Mortgage Asset Quality, Operating Risk and Compliance Committee). During these meetings Senior Management will have the opportunity to provide comments and root cause analysis for their specific scope of business.

Prior to the Monthly Senior Management meeting, CBRA conducts individual meetings with the Business Units. During this meeting the Business Units will review and analyze their specific information which is presented in the Default Quality Review. This will give the Business Units the opportunity in the Monthly Senior Management meeting to provide root cause analysis and qualitative commentary to assist in understanding the information provided.

A meeting administrator will be assigned whose role will be to capture minutes, action items and follow up with the responsible parties.

1.6.2.4   Board of Directors

The SunTrust Board of Directors is the highest governing authority within the organization. The Board is responsible for defining SunTrust's risk tolerance level, delegating responsibility to the chairman for formation and execution of the corporate strategies and tactics, and providing oversight and risk management.

To provide proper oversight the Board of Directors must be supplied with timely, accurate, and repeatable information with regard to the state of the business.

Standards

The Board of Directors has access to the same standards as Senior Management. Monthly, a dashboard will be developed and delivered to the Risk Committee Board of Directors. The KPI/KRI Dashboard is a consolidated view of the Servicing and Default lines of business, which provides an aggregation of metrics necessary for Board oversight.

Controls

The Risk Committee Board of Directors reports to and is responsible for overseeing and reviewing information provided to the Board of Directors. The risk committee facilitates the Second Line of Defense and acts independently from the Business Units.

Feedback

As a part of the meeting charter, the Risk Committee Board of Directors is charged with communicating the direction and action items set forth by the Board of Directors. In addition to maintaining and monitoring the Board of Directors meeting action items, they serve as the communication conduit between the BOD and Senior Management.

1.6.3 *Information Flow Summary*

Figure 2 provides a high level depiction and timeline for the monthly deliverables to satisfy the Reporting Structure as defined in the previous sections. There are three distinct elements within this process. .

- Business Unit Monthly Summary – This report provides detailed operational performance specific to the individual Business Units
- Default Quality Review -- This presentation is intended for the Senior Management layer and is a summary of the various Summary Monthly Business Unit reports.
- KPI/KRI Dashboard – The dashboard is a further aggregation of the Default Quality Review presentation and Servicing reports.
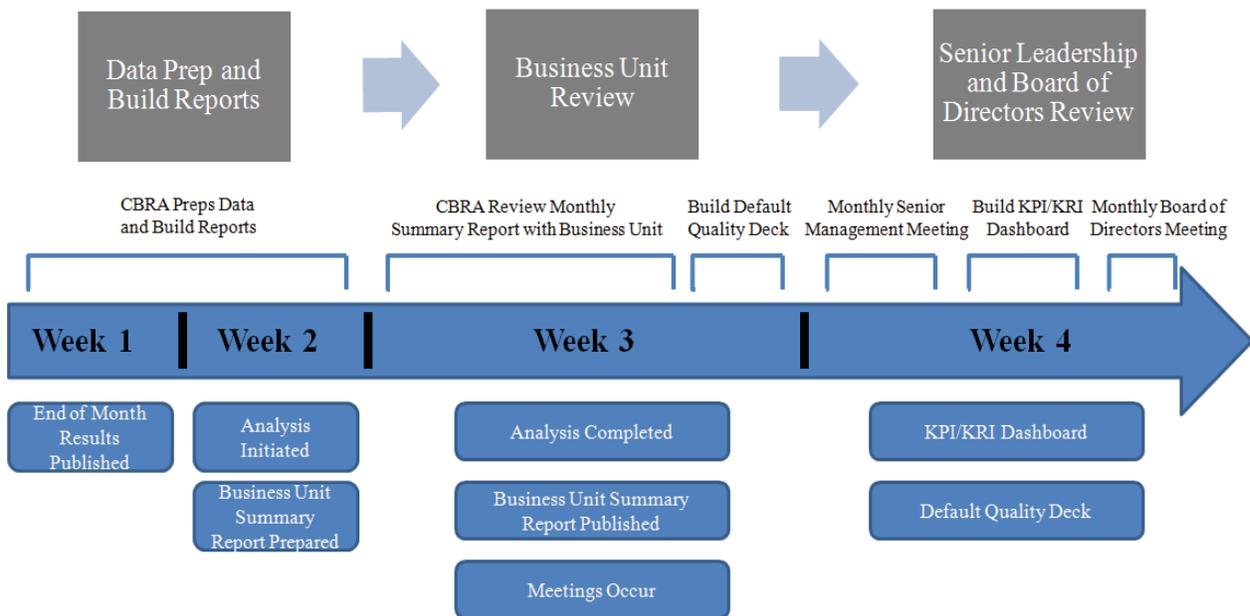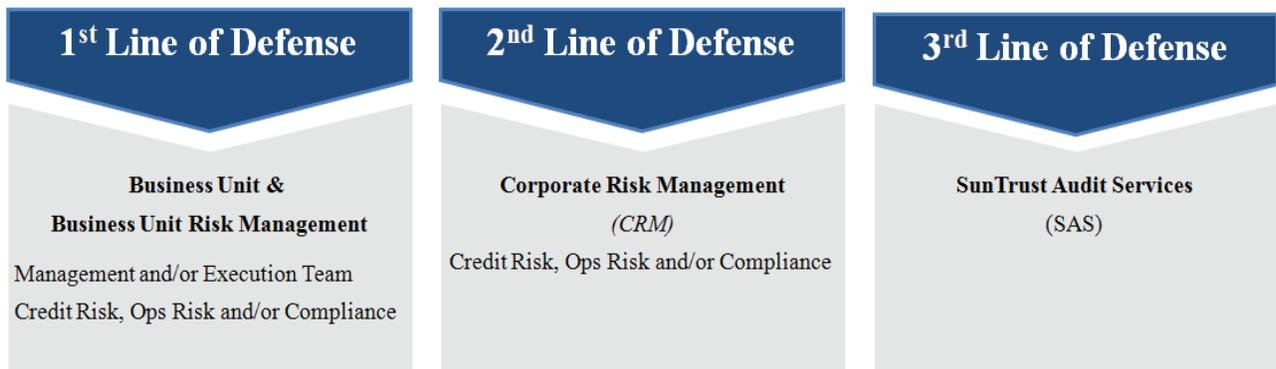

Figure 2: Information Flow

1.6.4 *Risk Management and Information Management - Three Lines of Defense*

SunTrust has an established Enterprise Risk Governance Process to manage risks to the company. The company measures and manages risk along the primary dimensions: credit risk, liquidity risk, market risk, operational risk, compliance risk, legal risk and reputational risk. The SunTrust Chief Risk Officer manages

these risks on a consolidated basis under the Company's Enterprise Risk Governance Process and Risk Management Framework.

To support the risk management structure SunTrust has adopted a Three Lines of Defense practice. Three Lines of Defense, an industry recognized best practice, provides a check and balance framework to support the company's risk objectives. It is based on principles of accountability and independence between the different lines of defense. Figure 3 below provides a visual depiction of the roles within this framework.

1st Line of Defense	2nd Line of Defense	3rd Line of Defense
Business Unit & Business Unit Risk Management Management and/or Execution Team Credit Risk, Ops Risk and/or Compliance	**Corporate Risk Management** *(CRM)* Credit Risk, Ops Risk and/or Compliance	**SunTrust Audit Services** (SAS)

Figure 3: Three Lines of Defense

1.6.4.1   First Line of Defense

The First Line of Defense is composed of the Lines of Business and the Lines of Business Risk Management teams, which include Compliance, Credit Risk and Operational Risk. These managers are accountable for business strategy, performance and controls within their business units. In addition, they are responsible for identifying and managing existing and emerging risks. The First Line of Defense is thus actively engaged in the risk management process. This group is also responsible for implementing the risk policies and action items that are brought forth from the Corporate Risk Management and Audit Groups.

In addition, on an annual basis each line of business formally reviews risk management policy guidelines and procedures and makes adjustments to processes as required.

1.6.4.2   Second Line of Defense

The Second Line of Defense consists of Functional Risk Managers in the Corporate Risk Management Group. Corporate Risk Management provides independent oversight of all risk opportunities and monitors compliance to all risk related policies and risk frameworks. This group also has the authority to actively challenge initiatives and further investigate business processes and actions.

The members of this group require a deep understanding of the business to perform this function. Risk Management also establishes risk policy and provides overarching monitoring of risks across the various Business Units within Servicing and Default.

1.6.4.3   Third Line of Defense

The Third Line of Defense is the audit function SunTrust Audit Services (SAS). This group independently tests, compares and evaluates management controls to provide risk based advice and counsel to management.   The operations and activities of SAS are overseen by the Board Audit Committee.

The members of this group have a deep understanding of the overall business which enables them to accurately challenge the front office and risk management functions.

1.6.4.4   MIS Support of Risk Management Functions

The risk management activities, such as risk monitoring and risk assessment, are based on a variety of inputs including interviews, meeting notes, documentation, market information, internal standard reports and internal analytic reports. Essential to monitoring and assessing risk is quantifiable and objective information delivered via reports, analysis and presentations.

The Standards, Controls and Feedback mechanisms described in sections 1.6.1 to 1.6.3 were specifically designed to support the SunTrust Risk Management framework for Servicing and Default.

1.6.5 *Data Governance and Quality Project*

The Data Governance and Quality project will serve to support the MIS Reporting Structure. The reports produced and distributed across the Servicing and Default organization are only as good as the underlying data which drives their results. This data quality initiative will seek to further improve the accuracy, consistency and relevancy of the servicing and default reporting data to improve the quality of reporting and information produced by CBRA and CBIM.

The Data Quality initiative will leverage ongoing data quality processes at SunTrust Mortgage (STM). A key component of the process is a single data repository known as ▓▓▓▓▓ that was established by Credit Analytics in 2009. Its purpose is to govern and leverage data from multiple sources. Initial subject areas contained within the repository include accounting, finance, portfolio management, credit and capital markets. A detailed diagram can be found in Figure 4 (below).

The goal of this initiative is for reporting to pull data from a single source to ensure that the information gathered is consistent, accurate, and relevant. The initial focus of the Data Quality Project will be identifying the approximately 50 most commonly used data fields from Servicing and Default and adding them into the existing 300 data fields within ▓▓▓▓▓ Each field will be fully defined and validated with the business. This will establish a common understanding of the data and provide data transparency to the business. Once established the data governance process for any subject area becomes iterative, continually accessing and adding new information.

Integrating the Servicing and Default data into ▓▓▓▓▓ provides the following benefits:

- **Single Version of the Truth:** Each data field will be unique and fully defined

- **Improved Time to Market:** A well defined single data repository that will facilitate the development cycle of reports and analytics

- **Confidence in the Data:** The data will be commonly shared with the General Ledger (GL) to validate the accuracy of the data

- **Loan Level Data:** ▓▓▓▓▓ will have loan level data to enable the data to be accurately validated and to facilitate analytics

- **Reduces Data Redundancy:** As the data will be centrally located in ▮▮▮▮▮▮ duplicate data will be reduced

Below is a pictorial diagram of the ▮▮▮▮▮ landscape.

Implementation of this data quality approach provides the business with single, accurate, and meaningful source of data for reporting. Monthly meetings are conducted as part of the ▮▮▮▮▮ process; these meetings serve to validate the relevancy of data, identify data gaps and help to facilitate the addition of new data fields requested by the business.

The Data Quality initiative is comprised of three primary steps, below is a visual depiction of the project approach.
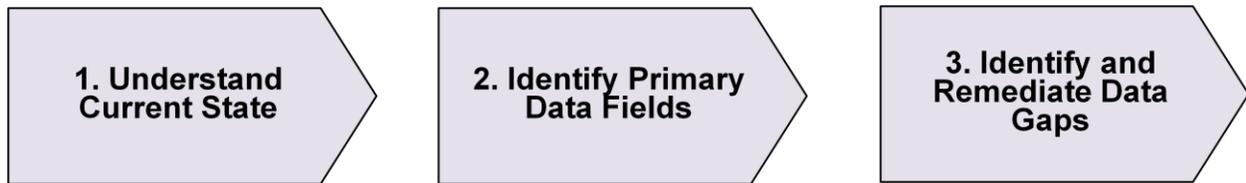

Figure 5: Data Quality Initiative Steps

1. **Understand Current State**

   Key activities include:

   - Collect the following documentation :

     o Data mappings

     o Metadata (data definitions)

     o Batch processes (batch flow, frequency)

     o Data exception processes

   - Interview stakeholders to confirm documentation

   - Identify existing report data sources

2. **Identify Primary Data Fields**

   Key activities include:

   - Analyze existing reports to extract common data fields

   - Work with business to finalize the common data fields

   - Work with business to fully define and obtain sign off on the data field definitions and any derived value calculations

   - Integrate the data fields into ▮▮▮▮▮▮

   - Design, Extract, Transform, and Load (ETL) process to move the data into ▮▮▮▮▮

3. Identify and Remediate Data Gaps

Key activities include:

- Conduct regularly scheduled meetings with the Default Business Units to identify any issues and relevancy of the current data

- Identify any requirements for additional data fields to be brought into ▇▇▇▇▇▇

- Identify any data gaps and their root cause(s) (e.g. manual errors, lack of data granularity within the system)

Note: The Enhanced Data Quality process is an iterative process as data quality is monitored and remediated on an ongoing basis.

The implementation of the Data Quality initiative will utilize ▇▇▇▇▇▇ a proven program at SunTrust. The successful implementation of the Servicing and Default ▇▇▇▇▇▇ will provide the business with key data in a centralized source, trusted data, access to loan level data, and a reduction in data redundancy. These improvements in Data Quality will enhance the confidence of the business users. Regular ▇▇▇▇▇▇ meetings with the business will help confirm that data and data fields are relevant. This process will also encourage the teams to identify new data fields to include as part of ▇▇▇▇▇▇ in the future to further improve the business.

1.6.6 *Management Information Systems Gap Analysis*

SunTrust is actively working to reach the target MIS state described above. Gaps remain in the current process that needs to be addressed to fully implement this strategy. Below is the list of the gaps that relate to the requirements of this Order, in conjunction with the associated risks and applicable contingency plans. The following section addresses Consent Order requirements 11.a, 11.d (I-IV) and 11.e. Consent Order 11.b and 11.c are addressed in the individual timelines provided.

Requirement	(11.a) A description of the various MIS used or to be used by SunTrust Mortgage;
Current State	SunTrust has a robust Management Information System which includes technology information, processes and people. MIS is also aligned with the Risk Management

	strategy known as the Three Lines of Defense.
	Elements of the Reporting Structure exist to facilitate communication between the various layers of the business including: Board of Directors, Senior Management, Business Units and Line Managers.
	Board of Directors Risk Committee meetings are held once a month and have available to them the Default Quality Review presentation.
	Senior Management has access to a monthly Default Quality Review presentation. Information and reports to the Business Units and Line Managers are available from CBRA and CBIM. There is also an established process in place to request new or changes to existing reports.
	At this time CBRA has established a monthly review meeting with two Business Units and is planning on scheduling the same type of meetings with the additional Business Units.
Future State	KPI/KRI dashboard will be produced on a periodic basis for the Board of Directors.
	The senior leadership will receive on a monthly basis the Default Quality Review presentation to be discussed within the appropriate Senior Management Monthly meeting.
	The Business Units will receive their Business Units Monthly Summary report. Also, they will be required to attend a monthly meeting with CBRA to review the Business Unit Monthly Summary report in addition to all other CBRA produced information under their scope.
	The Line Managers will have access to CBRA and CBIM produced information.
▆▆▆▆▆▆▆	• A Servicing and Default KPI/KRI Dashboards must be developed for the Board of Directors • A meeting charter for the Monthly Senior Management meeting • Each Business Unit requires a Business Unit Monthly Summary report • Formalized monthly meeting between CBRA and the Business Unit department heads to review the Business Unit Monthly Summary report
▆▆▆	The delivery risk associated with meeting this requirement is ▆▆ SunTrust is already actively working towards this MIS target state and has made substantial progress.

	However, for this plan to be successful, the full participation of the report's intended audience is required to define the optimum KPIs and KRIs. There is a risk, that due to conflicting priorities, We may not have sufficient participation from the business.
Contingency Plan	If needed, CBRA will select industry standard KPIs/KRI's to create the necessary information and validate with Business Unit management at a later date.

Requirement	(11.d.I) New systems or enhancements to the MIS to: Monitor compliance with the Legal Requirements, supervisory guidance of the Board of Governors, and the requirements of this Order.
Current State	Compliance is monitored in several different ways. Where possible, controls are built into system requirements to ensure compliance. These processes are monitored and reviewed as part of the ongoing compliance process. In addition, supervisory guidance cascades down from the Corporate Compliance area and requirements are assessed and periodically reported to the Corporate Compliance area. In addition, the Consumer Banking Compliance team, within the First Line of Defense helps develop compliance solutions based on legal or supervisory guidance. The requirements of this order are monitored by the PMO Federal Reserve Response team. It is their responsibility to facilitate a weekly cross-work team meeting to share program direction and feedback from the Steering Committee or the Federal Reserve Bank, manage dependencies between working teams, discuss common issues and risks, and confirm adherence to program operating principles and processes. They also track the action items of each work stream and require evidence of completion for each action item.
Future State	To enhance compliance monitoring the following additional processes will be established. From a legal requirements perspective the formalized reporting material including the Business Unit Monthly Summary reports, the Default Quality Review presentation and the Board of Director's Servicing and Default KPI/KRI Dashboards will include indicators that measure compliance. Including compliance metrics in the Reporting Structure will

	ensure this information is communicated on a regular basis to the necessary parties. This will reduce ad-hoc and inconsistent compliance monitoring process. The Risk Committee for the Board of Directors is already in place and is chartered to communicate the guidance of the Board of Directors, therefore no gap was identified. The PMO structure for the Consent Order is in place, therefore no gap was identified.
▉▉▉▉▉▉▉	• The formalized communication reports must include KPIs/KRIs that measure compliance.
▉▉▉	The delivery risk associated with this deliverable is ▉▉ At this time, CBRA is already actively working to produce the updated Business Unit Monthly Summary reports and Board of Directors Servicing and Default KPI/KRI Dashboard. However, a quality report will require the full participation of the business to collect the requirements. There is a risk that due to conflicting priorities the business may not have the capacity required to identify the most useful compliance KPIs/KRIs.
Contingency Plan	If needed, CBRA will select industry standard KPIs/KRI's to create the necessary information and validate with Business Unit management at a later date.

Requirement	(11.d.II) New systems or enhancements to the MIS to: Ensure the ongoing accuracy of records for all serviced mortgages, including, but not limited to, records necessary to establish ownership and the right to foreclose by the appropriate party for all serviced mortgages, outstanding balances, and fees assessed to the borrower;
Current State	It is SunTrust's responsibility to ensure the accuracy of records for serviced mortgages. This process is facilitated by technology. SunTrust currently images all documents received from the borrower. These documents are classified and associated to the proper loan file. The applications in place include business rules which automatically check that certain documents are available prior to specific actions, such as foreclosure, occurring.

Future State	SunTrust will enhance its document image and capture process by leveraging the processes currently used for mortgage loan originations. These processes will provide additional expertise in this area, including expanded operational controls, enhanced reporting, and increased scale for the organization. Exception reports will also be developed to monitor the document receipt and tracking
████████████	• Enhanced document image and capture processes
██████	The delivery and operational risks associated with meeting this requirement are considered ████████ The primary risk is reviewing the documents provided by clients and confirming they are correctly indexed and categorized.
Contingency Plan	SunTrust will monitor documents that do not meet existing indexing standards and identify where refinements or enhancements to the process are required. SunTrust will develop operational reports to monitor document receipt and tracking. Exceptions to timelines will be included in the operational reports.

Requirement	(11.d.III) New systems or enhancements to the MIS to: Ensure that the Loss Mitigation and Foreclosure staffs have sufficient and timely access to information provided by the borrower regarding loss mitigation and foreclosure activities;
Current State	The Loss Mitigation and Foreclosure groups currently have a catalogue of automated reports that are generated on a daily, weekly or monthly basis. In those cases where needs are not covered by the current inventory of reports, the Loss Mitigation and Foreclosure Business Units can request new or modified reports via an automated system. CBRA works closely with the business requestor to fully understand the requirements to provide necessary reporting. CBRA is trained to be familiar with the data and business to ensure the accuracy and relevancy of the data contained in the reports. However, the data quality is currently maintained at the individual developer level. █████████

███	
Future State	The Business Units Department heads will receive their Business Unit Monthly Summary report. They will also attend a monthly meeting with CBRA to review the Business Unit Monthly Summary in addition to all other CBRA produced information. The Business Unit line managers will have access to CBRA produced information. Data definition will be validated prior to migration to a centralized repository.
████████████	• Refined data quality processes and governance
█████	We consider the delivery of the data quality project to be ███ risk as SunTrust has previously implemented the same data quality approach in the Credit Risk Area. In addition, this project is under the direction of experienced resources.
Contingency Plan	Allocate additional resources to ensure the migration of the 50-70 default variables to the existing ██████████ is completed.

Requirement	(11.d.IV) New systems or enhancements to the MIS to: Ensure that the single point of contact has sufficient and timely access to information provided by the borrower regarding Loss Mitigation and foreclosure activities
Current State	SunTrust does not have a single point of contact role established within the loss mitigation and foreclosure departments.
Future State	CBRA will work closely with the business to establish the initial portfolio of reports required by the single point of contact group as well as other affected stakeholders. These initial reports will be used to assist in the single point of contact operations.
████████████	• Portfolio of Single Point of Contact Reports does not exist
█████	The delivery associated with meeting this requirement is ██████████ The initial reports are addressed as a part of the Reporting Structure Project. SunTrust is already actively working towards this MIS target state as part of the broader Single Point of Contact

	initiative. However, if the single point of contact processes are not sufficiently captured by a data system CBRA will not be able to report on them.
Contingency Plan	Manual reporting processes will be researched and implemented.

Requirements	(11.e) Testing the integrity and accuracy of the new or enhanced MIS to ensure that reports generated by the system provide necessary information for adequate monitoring and quality controls.
Current State	There are processes, procedures and systems in place to assure the integrity and accuracy of data which drive the reports. Reports are created from two centralized groups called CBRA and CBIM. Centralizing these independent report functions helps to ensure the entire Servicing and Default Lines of Business are working with the same data.
Future State	The Board of Directors will receive certain Servicing and Default KPI/KRI Dashboards. The senior leadership will receive a monthly Default Quality Review presentation to be discussed at the monthly senior leadership meeting. The Business Units department heads will receive their Business Unit Monthly Summary report. They will also attend monthly meetings with CBRA to review the Business Unit Monthly Summary report in addition to all other CBRA produced information. The Line Managers will have access to CBRA and CBIM produced information. The usability and reliability of new reports are ensured by: • Centralized report generation • Adherence to standard data quality processes • Centralized controlled input into ▉▉▉▉▉▉▉▉▉ • Ongoing feedback loop to ensure information is meeting user needs
▉▉▉▉▉▉▉	• Refined data quality processes and governance • Servicing and Default KPI/KRI dashboards to be developed for the Board of

	Directors • Monthly, Business Unit Summary reports will be published and reviewed with the respective Department head.
▇▇▇▇	The delivery risk associated with meeting this requirement is ▇▇▇▇ SunTrust is already actively working towards this MIS target state and has made substantial progress. To be successful this plan requires the full participation of the report's intended audience to define the optimum KPIs/KRIs. There is a risk, that due to conflicting priorities, we may not have sufficient participation from the business. The data definition validation process will be a part of the overall data quality project. This is considered to be a medium risk project as SunTrust has previously implemented the same data quality approach in the Credit Risk Area. In addition, this project is under the direction of experienced resources.
Contingency Plan	If needed, CBRA will select industry standard KPIs/KRI's to create the necessary information and validate with Business Unit management at a later date. Allocate additional resources to ensure the migration of the 50-70 default variables to the existing ▇▇▇▇ is completed.

Risk Rating Key

Low – Likelihood of occurrence is <25% AND the resulting impact of risk realization is manageable with minimal impact to business operations.

Medium– Likelihood of occurrence is 25-50% OR the resulting impact of risk realization will have a manageable but measurable impact to business operations.

High – Likelihood of occurrence is >50% OR the resulting impact of risk realization will have a significant, measurable impact to business operations

1.6.7 Action Plan

Below is the action plan and associated timelines for the Management Information Project

Phase	Milestone	Owner	Artifact / Evidence of Completion	Target End Date	Status
Data Quality Project Milestones					
Plan	Develop plan and approach of the Data Quality Project	▇▇▇	Data Quality and Governance Plan	July 2011	Complete

Phase	Milestone	Owner	Artifact / Evidence of Completion	Target End Date	Status
Design	Identify initial data fields	███████	List of Data Fields	September 2011	Complete
Build	Build Default ██████████ Table	███████	Metadata	December 2011	In Progress
Test	Monitor and test the ██████████ new fields	███████	Test Results	December 2011	Not Started
Release	Implement and monitor the ██████████ new fields	███████	Metrics	December 2011	Not Started
Reporting Structure					
Design	Finalize Business Unit Monthly Summary Report	███████	Business Unit Monthly Summary Report	November 2011	In Progress
Design	Finalize Default Quality Review Presentation	███████	Default Quality Review Presentation	December 2011	In Progress
Design	Finalize KPI/KRI Dashboard	███████	KPI/KRI Dashboard	December 2011	In Progress
Release	Implement CBRA Reporting Structure	███████	Meeting notes, Default Quality Presentation and list of attendees	December 2011	In Progress
Enhanced Servicing and Default Reporting					
Plan	Create project plan	███████	Project Plan	July 2011	Complete
Design	Review current inventory of CBRA reports	███████	Current Reporting Inventory	September 2011	Complete
Design	Design and prototype new and improved reports	███████	Prototype Reports	December 2011	In Progress
Release	Implement iterative reporting releases into production	███████	CBRA Reports	January 2012	Not Started

Phase	Milestone	Owner	Artifact / Evidence of Completion	Target End Date	Status
Training	Educate stakeholders on enhanced reports and implement change management to ensure proper use of the reports.	▮	Change Management Plan	January 2012	Not Started

2. Glossary

Acronym	Definition
BOD	Board of Directors
CBIM	Consumer Bank Information Management
CBRA	Consumer Bank Risk Analytics
Char	**Charles Gepford**
CEO	Chief Executive Officer
ETL	Extract, Transform, and Load
FHA	Federal Housing Administration
FRB	Federal Reserve Bank
GL	General Ledger
KPI	Key Performance Indicator
KRI	Key Risk Indicator
LOB	Line of Business
MIS	Management Information Systems
███	████████████
PMO	Program Management Office
REO	Real Estate Owned
SAS	SunTrust Audit Services
STM	SunTrust Mortgage
VA	Veterans Affairs

3. Appendices

A. Sample Reports

Below are some excerpts of the reports and presentations discussed in the MIS Consent Order Response.

Servicing and Default KPI/KRI Dashboard

LOB	Measurements	Goal	Previous as 7/7/11	Current as 7/14/11	Variance to Prev	Trend (Curr vs. Prev)	Status (Curr vs. Goal)
MORTGAGE	**Loss Mitigation Pipeline (Total Servicing)**						
	Setup	avg days within 30 days					
	To Be Decisioned	avg days within 30 days					
	Approved	avg days within 5 days					
	On The Street	avg days within 75 days					
	Fulfillment	avg days within 45 days					
	Outreach						
	Inquiry Response Timing (HOPE Loan Port)*	avg days within 10 days					
	Decision Timing (HOPE Loan Port)*	avg days within 30 days					
	Mediation follow-up	avg days within 30 days					
	Inbound Service Levels - ASA	at least 75% within 60 seconds					
	Inbound Service Levels - Abandonment Ratio	3% or less					
CONSUMER	**Inbound Service Levels - ASA**						
	Consumer Home Retention (CHRG)	at least 80% within 30 seconds					
	Auto Rewrite	at least 80% within 30 seconds					
	Credit card	at least 80% within 30 seconds					
	Inbound Service Levels - Abandonment Ratio						
	Consumer Home Retention (CHRG)	5% or less					
	Auto Rewrite	5% or less					
	Credit card	5% or less					
	Workout Ratio						
	Auto Rewrite**	at least 20%					

Figure 6: Sample Future Servicing and Default KPI/KRI Dashboard

Default Quality Review presentation

		Total Servicing		Portfolio			
LOB	Measurements	6 Month Trend All Servicing	Current EOM	Variance to Prev	Current EOM	Variance to Prev	Comments	Pages

Figure 7: Default Quality Review -

SunTrust Default Operations Performance Scorecard (example)

Figure 8: Default Quality Review -

Mortgage Delinquency Trends (example)

Mortgage Delinquency Trends *cont'd*

Figure 9: Default Quality Review -

Mortgage Delinquency Trends (example)

Bankruptcy Aging – Portfolio & Total Serv.

Figure 10: Default Quality Review -

Bankruptcy Aging – Portfolio & Total Serv. (example)

B. Report Procedures

The following procedures are currently contained within the MIS Reporting Structure to support the report request and development process.

- CB-MTG-DORs-100 – Internal Customer Request Procedures
- CB-MTG-DORs-101 – External and Corporate Formal Audits
- CB-MTG-DORs-102 – █████████ Change Requests

These procedures are scheduled for revision annually; however changes required by Consent Order may require non-scheduled updates.

Report Development Lifecycle

Report requests may originate from external parties, regulatory requirements or directly from the Business. They may also be originated as part of the feedback process described in the MIS Reporting Structure based on trends, anomalies or business analysis. Report requests are sent to the centralized reporting team and follow the established reporting development process (see Figure 11: Expanded Report Request Process).
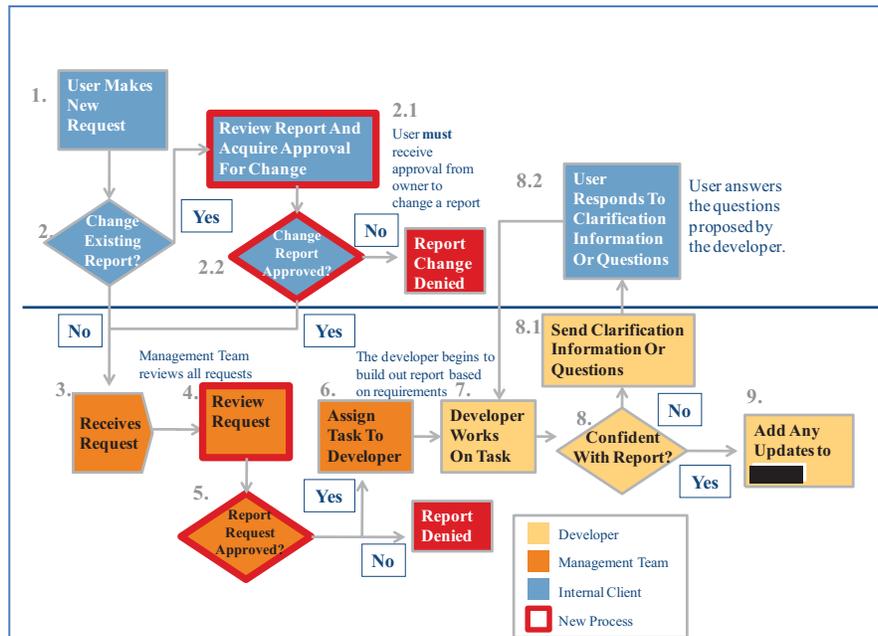

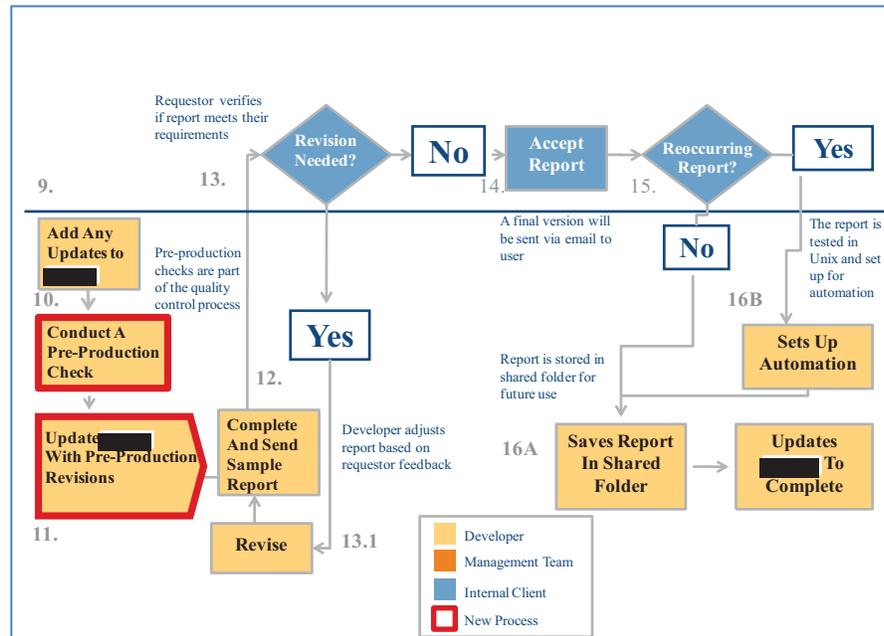**Figure 11: Expanded Report Request Process (Slide 1)**

**Figure 11: Expanded Report Request Process (Slide 2)**

There are three main components of this process: Report Development, Report and Data Validation and Report Maintenance which are summarized below along with the controls embedded within each of those components.

Report Development

The report development component is used for new report requests as well as changes to existing reports. All requests are documented and tracked using ⬛⬛⬛⬛, an automated tracking application. After review and approval by reporting team management, the report development request is assigned to a developer. It then becomes the developer's responsibility to clarify and document the requirements, which drive the report content.

Controls-During Development
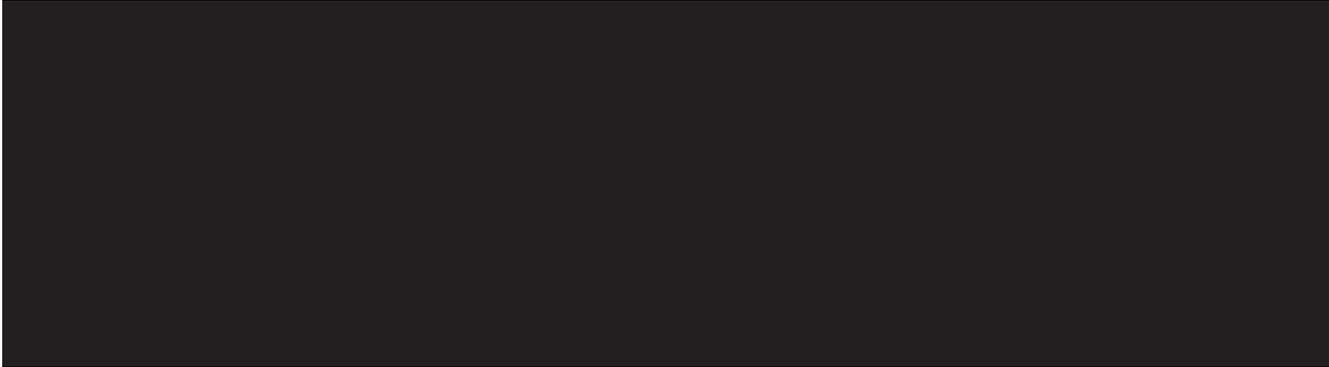
Report and Data Validation

The foundation of report accuracy rests on our centralized data governance process as outlined in Section 1.6.5. Prior to a report being moved to production, the business owner is required to conduct user acceptance testing. Utilization of ███████ and common data definitions help to ensure the accuracy of the report results.

Controls-Data Governance

Controls-Report Validation

Report Maintenance

It is important that the report inventory is relevant and up-to-date. On a quarterly basis the centralized reporting team reviews the utilization statistics of the existing reports in partnership with the lines of business to determine usefulness and relevancy. Decisions on decommissioning reports are derived from this process. The business users also have the opportunity and responsibility to request report modifications as the need arises.

Controls-Maintenance