

Consent Order Response –  
Audit Plan (Sections 17 & 18)

# Consent Order Response

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## Audit Plan

(Consent Order Sections 17 & 18)

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# 1. Audit

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## 1.1 Overview

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### *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 March 31, 2011, SunTrust had total assets of \$170.8 billion and total deposits of \$124.0 billion. SunTrust Mortgage, Inc., headquartered in Richmond, VA, ranks as the eighth largest servicer in the mortgage industry with 1.5% 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.

#### *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 [REDACTED], 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 [REDACTED]. 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 [REDACTED] 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 eighteen 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 [REDACTED] ([REDACTED]). [REDACTED] defines a new, industrialized future state originations process that positions SunTrust to successfully compete in the evolving mortgage originations environment. [REDACTED] 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, REO Management, Recovery, the newly created analytics group (Default Operations, Reporting and Strategy – DORS) 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 [REDACTED] 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 [REDACTED] project began in late 2008 and to date we have invested more than [REDACTED] 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 FHA, 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 [REDACTED], Corporate Executive Vice President and Head of Consumer Banking. The program executive manager and day-to-day supervisor is [REDACTED], 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 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.

## 1.2 Work Stream Overview

SunTrust Audit Services (SAS) is an independent and objective corporate assurance function. The mission of SAS is to contribute to SunTrust's success by bringing a systematic, disciplined approach to evaluating and recommending improvements in the effectiveness and efficiency of risk management, control, and governance processes.

The SAS General Auditor functionally reports to the Audit Committee of SunTrust's Board of Directors and administratively to the General Counsel. The operations and activities of SAS are overseen by the Board Audit Committee, which formally approves the annual audit plan and any changes to the plan that may occur throughout the year. SAS auditors are expected to conform to the *Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing (Standards)* and associated *IIA Code of Ethics*. SAS auditors are also expected to conform to the *SunTrust Code of Business Conduct and Ethics* and comply with the standards outlined in the *SAS Internal Audit Manual*.

SAS is responsible for evaluating whether SunTrust's network of risk management, control, and governance processes are properly designed and functioning effectively. To do this, SAS performs a quarterly risk assessment to ensure the annual audit plan addresses key risks throughout the company, including the mortgage line of business.

## 1.3 Background

The four primary U.S. banking regulators conducted onsite horizontal reviews at the 14 largest federally regulated mortgage servicers, some of them banks or bank affiliates, during the fourth quarter of 2010. The joint report by the regulators reflects the focus of the review on foreclosure policies and procedures, organizational structure and staffing, management of third-party service providers, quality control and internal audits, compliance with applicable laws, loss mitigation, control over critical documents, and risk management.

Pursuant to the *Interagency Policy Statement on the Internal Audit Function and its Outsourcing* (Federal Reserve SR 03-5), the Board of Directors is responsible for having an effective system of

internal control and an effective internal audit function. The internal audit function must address the risks and meet the demands posed by the company's current and planned activities. Accordingly, SAS must augment its current audit plan, strategies and audit scope to address the safety and soundness issues outlined in the Consent Order.

## 1.4 Consent Order

### Audit

17. Within 60 days of this Order, SunTrust shall submit to the Reserve Bank an acceptable written plan to enhance the internal audit program with respect to residential mortgage loan servicing, Loss Mitigation, and foreclosure activities and operations. The enhanced plan shall be based on an evaluation of the effectiveness of SunTrust's current internal audit program in the areas of residential mortgage loan servicing, Loss Mitigation, and foreclosure activities and operations, and shall include recommendations to strengthen the internal audit program in these areas. The plan shall, at a minimum, be designed to:

- a. Ensure that the internal audit program encompasses residential mortgage loan servicing, Loss Mitigation, and foreclosure activities;
- b. periodically review the effectiveness of the Enterprise-wide Compliance Program (ECP) and Enterprise Risk Management (ERM) with respect to residential mortgage loan servicing, Loss Mitigation, and foreclosure activities, and compliance with the Legal Requirements and supervisory guidance of the Board of Governors;
- c. Ensure that adequate qualified staffing of the audit function is provided for residential mortgage loan servicing, Loss Mitigation, and foreclosure activities;
- d. Ensure timely resolution of audit findings and follow-up reviews to ensure completion and effectiveness of corrective measures;
- e. Ensure that comprehensive documentation, tracking, and reporting of the status and resolution of audit findings are submitted to the Audit Committee; and
- f. Establish escalation procedures for resolving any differences of opinion between audit staff and management concerning audit exceptions and recommendations, with any disputes to be resolved by the Audit Committee

18. Within 60 days of this Order, the Bank and SunTrust Mortgage shall submit to the Reserve Bank an acceptable enhanced written internal audit program to periodically review compliance with applicable Legal Requirements and supervisory guidance of the Board of Governors that shall, at a minimum, provide for:

- a. An annual written, risk-based audit plan approved by the boards of directors of the Bank and SunTrust Mortgage, or authorized committees of those boards, that encompasses all appropriate areas of audit coverage;
- b. the scope and frequency of audits;
- c. the independence of the internal auditor, audit staff, and Audit Committee;
- d. inclusion in the audit scope of reviews of internal controls, MIS, and compliance with SunTrust Mortgage's internal policies, procedures, and processes, including, but not limited to, the Loss Mitigation and foreclosure processes;

- e. adequate testing and review of MIS used in servicing, Loss Mitigation, and foreclosure activities to ensure compliance with the Legal Requirements;
- f. controls to ensure that audits are completed on a timely basis in accordance with the approved audit plan;
- g. adequate staffing of the audit function by qualified staff;
- h. timely resolution of audit findings and follow-up reviews to ensure completion and effectiveness of corrective measures;
- i. comprehensive documentation, tracking, and reporting of the status and resolution of audit findings to the Audit Committee, at least quarterly; and
- j. establishment of escalation procedures for resolving any differences of opinion between audit staff and management concerning audit exceptions and recommendations, with any disputes to be resolved by the Audit Committee.

## 1.5 Approach

The general approach SAS will take to address issues in the Consent Order will be as follows:

- a. Engage independent consulting firm (KPMG) to conduct quality assessment review of SAS operations and its conformance to the Institute of Internal Auditors standards on quality.
- b. Define the scope of loan servicing, loss mitigation and foreclosure activities (hereafter SLMFC).
- c. Compare the current 2011 audit plan, strategy and audit scopes to issues and topics outlined in the Consent Order and remedy any gaps.
- d. Through coordination with SunTrust Legal Counsel and/or independent counsel, obtain guidance and advice on key federal and state laws and regulations over SLMFC and develop compliance-oriented audit programs.
- e. Develop processes to engage legal counsel to advise and assist SAS with audits of SLMFC on a continuing basis.
- f. Conduct updated staffing analysis to ensure appropriate resources and skill sets.
- g. For 2011, add audits of key processes outlined in the Consent Order, which were not already on the 2011 plan. Additionally, SAS will review for completion and effectiveness all remediation actions performed by management to comply with the Consent Order.

SAS will define the scope of the Consent Order to include residential mortgage servicing, loss mitigation and foreclosure activities conducted by SunTrust Mortgage as follows:

*Residential Servicing:* First and second lien residential mortgage loans that flow through one or more of the following processes:

- Escrow administration (Tax & Insurance)
- Cash management
- Payment processing / payoffs
- Collections
- Breach notification process
- Property preservation

- Lien position maintenance including recording, perfection, assignment and/or allonge to third parties
- Fees, charges and penalties
- Force-placed insurance
- Investor reporting / remittance
- Customer service and complaint processing
- Loan administration

*Loss Mitigation:* This is the process by which the bank attempts to minimize losses on mortgages. Loss mitigation measures can take the form of any of the following methods or programs:

- Special forbearances
- Repayment plans
- Modifications including HAMP processes
- Short sales
- Cash-for-keys
- Deeds-in-lieu of foreclosure

*Foreclosure:* Processes used to support the legal proceeding in order to recover rights to property collateral which can take the form of any of the following methods or programs:

- Referral to the foreclosure workstation
- Attorney network workflow and management of filing affidavits, proceedings, and related fees and costs
- Recovery
- Bankruptcy
- Claims
- Post foreclosure review
- Eviction process

## 1.6 Accomplishments to Date

[REDACTED]

During 2010, SAS embarked on a remediation program [REDACTED] KPMG, an independent advisory firm, was engaged to review existing practices against the examination recommendations and industry best practices. As part of this engagement, a detailed action plan for remediation was developed. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Four requirements or sections of the Consent Order have already been addressed. These requirements or sections include:

- 2c [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] In response to this Order, it is expected that staffing levels will be increased to twenty and evaluated on a quarterly basis in accordance with the Division’s risk assessment methodology. Also, SAS will review the results of the independent foreclosure review and risk assessment and adjust staffing and audit plans, if necessary.
- 17c In response to prior issues identified by the Federal Reserve Bank, an independent consultant (KPMG) performed an analysis of the adequacy of staffing in the audit function. This analysis led to the hiring of three new Managing Directors in IT, Capital Markets, and Accounting and Finance. Also, based on an improved risk assessment and planning process, approximately thirty new auditors were added to staff. The analysis was presented to the Board Audit Committee in August 2010.
- 18a SAS’s mission is outlined in a written charter approved by the SunTrust Board Audit Committee in February 2011. SAS has established a process for presenting an annual written, risk-based audit plan to the Board Audit Committee for approval. The 2011 annual risk-based audit plan and strategy were approved by the Audit Committee in February 2011.
- 18c SAS maintains independence. The SAS General Auditor functionally reports to the Audit Committee of SunTrust’s Board of Directors and administratively to the General Counsel. SAS is free from interference by any element in the organization, and SAS auditors have no direct operational responsibility or authority over any of the activities audited.

SAS continues to evaluate the annual audit plan quarterly and make changes as necessary. Additions and deletions of audits to the annual plan are made periodically and presented to the Audit Committee. SAS also continues to evaluate and expand the scope and frequency of audits.

## 1.7 In-progress Activities

SAS continues to evaluate and improve audit operations. SAS is currently in the process of hiring additional staff and adding several audits to the 2011 audit plan to address concerns outlined in the Consent Order. Additionally, SAS is working on a variety of actions outlined in section 1.8.1.

## 1.8 Description of Action Plan

### Gap Analysis

The Consent Order requires the internal audit program to be *enhanced* with respect to mortgage loan servicing, loss mitigation, foreclosure activities and operations. SAS's existing audit plan and program already provided audit coverage of loan servicing, loss mitigation and foreclosure activities. For example in 2009 and 2010, SAS conducted audits of loss mitigation, foreclosure, bankruptcy, escrow administration, corporate advances, government insuring, tax and insurance servicing, adjustable-rate mortgage resets, investor reporting, and other real estate owned. SAS had also established a continuous auditing program in loss mitigation. These audit programs were robust and identified various weaknesses and issues that needed to be addressed. Accordingly, SAS concluded that enhancements were not needed in the basic program, but rather enhancements were needed in the frequency of audit coverage and in the specific areas of concern outlined in the Consent Order (e.g., MERS, Third Party Management, Foreclosure, Management Information Systems).

Accordingly, SAS changed the frequency cycle and expanded our audit coverage of: the enterprise compliance program over SLMFC, enterprise risk management over SLMFC, vendor management, MERS, and management information systems. As part of the additional staff added to the mortgage audit team in Richmond due to this gap analysis, SAS added auditors specifically in the areas of IT and compliance in order to accomplish the enhanced audit coverage.

### New Frequency Model

The risk-based planning model for SunTrust Mortgage will evolve from a three-year frequency cycle to a two-year cycle. This change will foster *annual* auditing of a significant portion of the mortgage company to include key SLMFC activities such as collections, loss mitigation, foreclosure, bankruptcy, Mortgage Electronic Registration System (MERS), payment processing, and investor reporting. In addition, SAS will implement continuous auditing of key servicing activities. Where appropriate, data analytics will be developed and used to monitor key risks and assist in testing key controls during audits of SLMFC activities.

### Expanded Plan & Transition - 2011

The current 2011 plan includes audits of several servicing and default-related areas, such as foreclosure, loss mitigation, recovery, client contact center, government insuring, and investor reporting. Nevertheless, in 2011 we will expand audit coverage to include audits of MERS, vendor management over outside attorneys, management information systems (MIS), and the Enterprise Compliance and Risk Management Programs. We will also implement a continuous control assessment program in servicing.

### Full Implementation - 2012

SAS will perform risk-based planning for audits of SunTrust Mortgage based on a two-year frequency model. In 2012, the audit plan will consist of *annual* audits of many mortgage SLMFC activities to include: collections, loss mitigation, foreclosure, bankruptcy, MERS, payment processing, corporate advances, investor reporting, Default MIS, and the enterprise-wide compliance and risk management programs over SLMFC. Operations Risk Management, vendor management, and servicing MIS will be audited every other year (bi-annual).

### Staffing Level

In reviewing the audit plan for SunTrust Mortgage, in view of the two-year frequency and the increased risk profile, particularly in the areas noted in the Consent Order, SAS will increase Mortgage staffing from thirteen to twenty auditors, which includes bolstering staffing in IT and Compliance. The Audit Managing Director in Mortgage, as well as the SunTrust General Auditor, will continue to assess the adequacy of the approximately 32,000 to 35,000 hours of audit work performed in this area by continuous monitoring of key initiatives, consent order status, and involvement in all pertinent committee meetings. The results of the independent review of risk management will also be considered.

To determine the appropriate audit staff size, SAS estimated the number of hours needed to perform each audit in the audit universe (e.g., audit of loss mitigation = 1,150 hours). SAS then summed the estimated hours for all audits and applied the frequency model. The annual audit plan is estimated to range between 32,000 to 35,000 hours. SAS assumes a full time equivalent employee will conduct 1,750 hours of audit work per year; accordingly, SAS concludes that twenty auditors are needed. SAS will continue to evaluate audit hours and staffing and make appropriate adjustments (if needed). Additionally, auditors from other SAS audit teams such as the Enterprise Compliance or Accounting and Finance teams may be used to supplement resources should it be necessary.

### Completing Timely Audits

SAS will develop and implement milestones or benchmarks for each audit engagement. SAS will set milestone dates for the issuance of the audit engagement letter, completion of the risk assessment matrix, issuance of draft audit findings to management, and issuance of the written audit report. Generally, audit engagements should be completed within eight weeks, start to finish. The SAS Managing Director and Director will set milestone dates for each audit engagement and will monitor to verify compliance. Completing audits within eight-weeks of time (start to finish) will ensure audits are reported timely to management and the Board Audit Committee. Any significant delay or missed milestone date will be escalated to the Managing Director or Chief Auditor as appropriate.

### Quality Review

Each audit will be assigned a "Project Manager" and "Quality Reviewer" (QR). The QR will provide guidance in the planning, execution, and reporting of the audit engagement. The role of the QR is to ensure the audit is completed pursuant to SAS standards outlined in the Internal Audit Manual.

The QR also confirms the overall scope and objective of the audit is met and that the issues, ratings, and tone of the audit report are appropriate. The QR will escalate to the Audit Director or Managing Director any delays in audits and/or any missed milestone dates.

### 1.8.1 Action Plan

Reference #	Assigned to	Action Item / Milestone	Evidence of Satisfaction	Completion Date
17a		Work with STI Legal and independent law firm to advise SAS on key federal and state laws and regulations over SLMFC.	Default Templates	Completed June 2011
17a		Establish continuous audit program over Servicing: Escrow and Payment Processing.	Implementation of Continuous Audit Plan	September 2011
17a		Add audits of (i) Vendor Management; (ii) MERS reconciliation; (iii) Default MIS; and (iv) Servicing MIS to APT application for 2011. Report these audit additions to the Board Audit Committee.	Vendor Mgmt, MERS, Default MIS & Servicing MIS audits recorded in APT (Official Audit Plan)	Completed June 2011
17a		Review results of the Independent Risk Assessment (section 13, Consent Order) and adjust the 2011 audit plan as necessary.	Updated Audit Plan	September 2011
17a		Review results of the Independent Foreclosure Review (section 3, Consent Order) and adjust the 2011 audit plan as necessary.	Updated Audit Plan	November 2011
17b		Research and write the enhanced audit program.	KPMG on board and audit program template developed	Completed June 2011

17b		Develop enhanced audit program for testing compliance with laws, regulations, and supervisory guidance in SLMFC.	Written audit program with compliance test scripts	September 2011 & Ongoing
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Reference #	Assigned to	Action Item	Evidence of Satisfaction	Completion Date
17b		Add ECP and ERM audits of SLMFC into APT application for 2011 and report these audit additions to the Board Audit Committee.	ECP and ERM Audits recorded in APT (Official Audit Plan)	Completed June 2011
17b		Execute audit of ECP over SLMFC and compliance with legal requirements & Board of Governors' supervisory guidance. If ECP is not yet fully built, audit its progress and conformance to plan.	Audit Report Issued	February 2012
17b		Execute audit of ERM over SLMFC and compliance with legal requirements & supervisory guidance.	Audit Report Issued	February 2012
17c		Post and fill open audit positions and/or hire co-source to fill any voids in staffing.	Key positions filled or Co-source on board. Less than 2 vacancies	August 2011
17c 18g		KPMG to update staffing analysis post-implementation of new audit activities to meet Consent Order requirements.	Documented staffing analysis	September 2011
17d 18h		Conduct follow-up reviews on corrective actions and complete close-out of issues within 60 days of an issue being placed into Closed Pending Review Status.	Monthly Issue Aging Report shows less than 5 CPR issues older than 60 days	September 2011



17e 18i		Develop SharePoint Site and process for management to directly record <i>monthly</i> updates on the status of corrective actions. Summary reports and past due reports will go to the Audit Committee quarterly beginning in fourth quarter.	SharePoint Site Live Audit Committee Deck	August 2011
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Reference #	Assigned to	Action Item	Evidence of Satisfaction	Completion Date
17f 18j		Update SAS Audit Manual to establish a formal process for escalating disputes and differences of opinion on Significant issues to the Audit Committee for resolution.	Updated SAS Audit Manual	Completed June 2011
18a		Present SAS's written plan to the Consent Order to the Board Audit Committee for review and approval.	Presentation to Audit Committee	Completed June 2011
18b		Change audit frequency cycle to 2 years for Mortgage LOB. Update SAS Audit Manual to reflect this 2 year frequency cycle.	Updated SAS Audit Manual	Completed June 2011
18a		Execute audit of MERS and Vendor Management. If Vendor Management process is not fully built, audit progress to date and compliance with the plan.	Audit Report Issued	December 2011
18d		Execute audit of Default MIS. Includes Loss Mitigation, Foreclosure, Bankruptcy, and REO. Include in annual plan.	Audit Report Issued	February 2012
18d		Execute audit of Servicing MIS. Includes Escrow and Payment Processing. Included in bi-annual audit plan.	Audit Report Issued	February 2012

18e		Implement process for STI Counsel or independent Legal Counsel to advise SAS on an ongoing basis when planning and executing audits	Updated SAS Audit Manual	August 2011 & Ongoing
18f		Develop benchmarks (metrics) for measuring timeliness of risk assessment matrix completion and draft report issuance.(See page 11)	Benchmark / metrics operational and reports generated	August 2011

Reference #	Assigned to	Action Item	Evidence of Satisfaction	Completion Date
18g		Hire 2 auditors fully dedicated to testing STM compliance with federal and state statutes.	Compliance Auditors Hired	August 2011
18h		Review and concur on the completion and effectiveness of remediation actions implemented to comply with the Consent Order.	Concur Memos to the General Auditor (Section 3305, Audit Manual)	Ongoing
18i		Develop process and procedures for enhanced reporting of mortgage audit results and issues to the Board Audit Committee.	Updated SAS Audit Manual Audit Committee Reporting	September 2011

## 1.9 Progress Tracking

A critical component of our Consent Order response is the ongoing tracking of action plan milestones. The tracking and monitoring of action plan milestones will be managed via an active project management process. The Consent Order Program Management Office (PMO) will continue to provide the oversight and structure to the process. An objective of the Consent Order PMO is to provide the Consent Order work stream owners with a common methodology and shared platform for tracking the action plans submitted to Federal Reserve Bank.

All Audit milestones have been uploaded into a common repository. Each milestone is tracked using a unique milestone identifier. In addition to the unique identifier, each milestone contains a description of the milestone, the associated work stream, the assigned owner of the milestone, the status of the milestone, the planned completion date, and the work stream sponsor and project manager. The work stream owner is



responsible for maintaining the status of each milestone (e.g. Open, Complete, Closed) on a regular basis. Upon completion of a milestone, the work stream owner is expected to upload documentation to provide evidence the milestone was successfully completed. SunTrust Audit will have full access to the repository for any validation work they perform throughout the process.

The Consent Order PMO will monitor the status of milestones entered into the repository to confirm work stream owners are updating milestones as expected. The status of upcoming and past due milestones will be reviewed as part of the Consent Order weekly work stream status meetings. Past due milestones will be escalated to the Consent Order Steering Committee for awareness and executive action as necessary.

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## 2. Glossary

Acronym	Definition
APT	Annual Planning Tool
CPR	Closed pending review
ECP	Enterprise-wide Compliance Program over servicing, loss mitigation & foreclosure
ERM	Enterprise-wide Risk Management over servicing, loss mitigation & foreclosure
GSE	Government Sponsored Enterprise
IIA	Institute of Internal Auditors
MERS	Mortgage Electronic Registration System
MIS	Management information systems
MRA	Matters Requiring Attention (Federal Reserve)
MRIA	Matters Requiring Immediate Attention (Federal Reserve)
QR	Quality Reviewer
RAM	Risk Assessment Matrix used by SAS in conducting audits
SAS	SunTrust Audit Services
STM	SunTrust Mortgage Inc.
SLMFC	Servicing, loss mitigation & foreclosure activities