

# Correspondent Mortgage Bulletin

Information for Correspondent Lenders of SunTrust Mortgage, Inc.

April 11, 2014 • COR14-039



Alert

Update

Reminder

Clarification

Training  
Information

Preview

## Clarifications for Flood Insurance Escrows and Updates to Payments on Hazard Insurance

SunTrust Mortgage, Inc. provides clarifications to our guidelines for when a borrower obtains a flood insurance policy when one is not required. In addition, we added documentation requirements to clarify when the borrower pays their hazard insurance in advance or at closing.

### Intended Audience

Origination Processing	Secondary Marketing	Underwriting	Closing Delivery Funding	Compliance Legal	Other
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### Effective Dates

**Friday, April 11, 2014**

Effective for all new applications and existing loans in the pipeline.

### Background Information

We recognized an opportunity to clarify our published flood and hazard insurance guidelines to improve clarity, increase operational efficiencies, and to result in a better experience for our correspondent lenders.

### Bulletin Details

#### Hazard and Flood Insurance Policy Prepayment

The policy shall be prepaid for a minimum of one (1) year at closing or prior to closing.

### Action Required

**Origination, Processing, Underwriting, Closing, Delivery, Funding, Compliance, and Legal**

**Starting April 11, 2014**

Review and apply these clarifications and updates.

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## Bulletin Details, continued

### Hazard Insurance Receipt

If Borrower Chooses to Pay Homeowner's Insurance:	Verify Payment By:
In advance	<ul style="list-style-type: none"><li>• Obtain a signed paid receipt from the insurance company stating that the premium for the first year of coverage has been paid in full, and</li><li>• HUD-1 must reflect the repayment of the policy in advance as a P.O.C.</li></ul>
At closing	<ul style="list-style-type: none"><li>• Reviewing the insurance binder to verify that the borrower obtained homeowner's insurance.</li><li>• Ensure the insurance premium amount is indicated on the HUD-1 settlement statement.</li></ul>

### Flood Insurance Escrows and Authority to Waive Flood Insurance

The following notes have been added to these sections:

#### Notes:

- If the borrower chooses to obtain flood insurance when it is not required based on the flood certification, SunTrust Mortgage will not escrow for the insurance.
- SunTrust Mortgage must still reflect as mortgagee on the flood policy.
- When flood insurance is obtained for a home where flood insurance is not required, there are no minimum coverage limits.
- Optional flood insurance is not required to be included in the borrower's debt-to-income (DTI) calculations.

#### Revised Material

Click [Hazard and Flood Insurance](#) to view the revised material.

### Former Guideline

Previously, our guidelines did not include guidance for when a borrower obtains a flood insurance policy when one is not required or documentation requirements when the borrower pays their hazard insurance in advance or at closing.

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## Other Resources

Support Group	Description and Contact Information:
Account Manager or Correspondent Relations Coordinator	Specific questions on applying this procedure to specific loan files. Direct contact information for each account manager or correspondent relations coordinator is located in General Section 1.01: The Correspondent Division
Resource Center	Provides phone and email support on products, policies, and procedures as well as new product rollout and existing product enhancement. Contact the Resource Center at 800.382.2111, Option 1, Option 2.

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