

Product Support Bulletin



Information for Correspondent Lenders of SunTrust Mortgage, Inc.
December 31, 2015 • COR15-059

Alert

Update

Reminder

Clarification

Training
Information

Preview

Escrows for Properties Requiring Flood Insurance

SunTrust Mortgage, Inc. provides updates to our guidelines to align with mandatory escrow requirements for properties that require flood insurance.

Intended Audience

**Origination
Processing**

Secondary Marketing

Underwriting

**Closing
Delivery
Funding**

**Compliance
Legal**

Other

Effective Dates

Friday, January 1, 2016

Effective for all loan closings on or after this date.

Background Information

On June 22, 2015, federal regulators released new requirements regarding flood insurance escrows as set forth in the Biggert-Waters Flood Insurance Reform Act (BWA) and the Homeowner Flood Insurance Affordability Act (HFIAA).

The regulations mandate changes to the current flood insurance practices. An escrow account is required for all premiums and fees on loans requiring flood insurance and the property is secured by residential improved real estate unless the loan qualifies for one of the statutory exceptions.

Bulletin Details

Flood Insurance Escrow Requirements

SunTrust Mortgage requires an escrow for flood insurance, regardless of LTV if:

- the product requires the establishment of an escrow,
- the subject property is a primary residence or second home for all transaction types,
- the subject property is an investment cash-out transaction, or
- the subject property is a condominium and the individual flood insurance policy for the condominium unit shows the client as the insured, including flood insurance policies that are required to supplement a Residential Condominium Building Association Policy (RCBAP) shortfall.
 - A condominium and some PUD properties that have master policies that carry sufficient flood coverage and show the HOA as the insured are not subject to mandatory escrows.

Action Required

Origination, Processing, Underwriting, Closing, Delivery, Funding, Compliance, and Legal Starting January 1, 2016

All loans submitted for purchase by SunTrust Mortgage with a closed date on or after this date must conform with these new requirements.

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Bulletin Details, continued

Flood Insurance Escrow Requirements, continued

For investment property purchases and rate/term transactions, an escrow is not required, however, the product may require an escrow.

Revised Materials

Click [Agency Loan Programs](#), [DU Refi Plus Loan Program](#), [Key Loan Program](#), [Agency Plus Loan Program](#), [FHA 203\(b\) Loan Program](#), [Veterans Administration \(VA\) Loan Program](#), [Hazard and Flood Insurance](#), and [Loan Delivery and Purchase Review](#) for the revised materials.

Former Guidelines

Previously, our guidelines did not include this new guidance for requiring mandatory escrows.

Other Resources

Support Group	Description and Contact Information:
Correspondent Relations Coordinator	Specific questions on applying this procedure to specific loan files. Direct contact information for each correspondent relations coordinator is located in General Section 1.01: The Correspondent Division.
Product Support	Provides phone and email support on products, policies, and procedures as well as new product rollout and existing product enhancement. Contact Product Support at 800.382.2111, option 4.

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