

Lender Best Practice: Private Mortgage Insurance

December 28, 2018

Comm18-029



SunTrust has noted an increase in PMI errors for Agency Loans. Please find these tips to help you achieve the accurate PMI coverage that is required during the loan delivery and purchase review process. We hope this can help avoid corrections to PMI after loan purchase.

Item #1 PMI Guideline Tips

- Refer to and follow the SunTrust Correspondent Seller Guide for All PMI information at <https://www.stmpartners.com> Choose by Product; “Control F” allows the search function inside the guidelines on each specific product - Search by typing “Mortgage Insurance”
- SunTrust requires that Standard PMI Coverage be obtained on all Agency products regardless of what AUS underwriting findings suggest
- Review each loan product carefully for all PMI coverage and premium specifications
- Section 2.01: “Agency Loan Programs” shows all SunTrust Approved PMI companies
- Follow CFPB TRID requirements for all loan changes from origination to closing

Item #2 Loan Delivery and Purchase Review Tips

- For any lump sum premium payment, send a copy of the premium check (must be the check) or any other payment evidence type (i.e. wire transfer or ACH transaction). This includes financed PMI premiums, borrower-paid lump sum premiums, or lender-paid lump sum premiums. *****This is a requirement of loan delivery and purchase review*****
- All monthly PMI premium amounts must match the Final Closing Disclosure, first payment letter, and the initial escrow account disclosure. Inconsistencies will cause funding delays
- Agency loans with any type of lump sum premium amounts must match with the Final Closing Disclosure
- Verify the PMI certificate with the PMI information online prior to loan submission - validate that coverage percentages are in line with SunTrust Guideline requirements for the specific loan product as well as the Note loan amount, Sale Price (if applicable), ratios, and all LTVs
- Verify the PMI cert is not expired
- Correct any PMI certificate data inconsistencies prior to closing and closed loan submission
- There should be no discrepancies with the PMI certificate and loan data when servicing transfer is processed by SunTrust
- Disburse any monthly or lump premiums due to the PMI Company as soon as possible after loan disbursement

Item #3 Consistency Tips

- By performing your lending intuitions due diligence, post purchase PMI corrections can be avoided
- Review the SunTrust Correspondent Seller Guidelines regularly by product - Guidelines are updated frequently to adhere to all agency requirements
- Review the SunTrust Correspondent Seller Guide - Loan Delivery and Purchase review requirements - Guidelines are updated frequently
- PMI corrections requested after loan purchase are to be corrected by the originating lender - SunTrust Bank as the servicer cannot make any changes to the PMI once the servicing is transferred. This includes coverage and data discrepancies