



## Closing Guide

# Congratulations!

You're almost done with the home buying and mortgage process, but there's one last step: **closing**.

Closing is one of the most important parts of the process—it's when you legally commit to your mortgage loan. This guide will help you prepare for your closing so you can sign your papers with confidence.

## Be a savvy mortgage borrower

- Know that closing is a big deal—it's the moment when you commit yourself to up to 30 years of mortgage payments.
- Prepare for your closing in advance, so you can be confident and prepared on the big day.
- Pay attention to the details at closing to make sure you are getting what you expected.
- Know you have a right to understand 100 percent of what you are signing.
- Ask questions until you feel comfortable with everything.
- Know that walking away at closing may be better than signing a deal you're not comfortable with.

## Top mistakes to avoid at closing

- Rushing. Closing on your home and mortgage is one of the most important financial commitments you'll ever make. Take all the time you need.
- Trying to make someone else happy. You are going to be the one who has to pay the mortgage every month. The only person you need to make happy is yourself.
- Feeling like you "should" know the answer to something, and not asking questions. Mortgages are complicated, and there's a lot of unfamiliar paperwork. When in doubt, ask!
- Silencing that little voice inside of you that says something is wrong. Trust your gut and speak up. Now is your chance to prevent future problems.

*This guide will help you prepare for closing, know what to expect, and close with confidence.*



# Before Closing

Taking a few key actions can make your home closing go more smoothly. Use this worksheet to prepare in advance.

## 1. Determine who will conduct your closing, where it will be, and when.

The title of the person who conducts your closing varies by state. You can shop around for the company of your choice.

? Who will be conducting my closing? What is their title?

Name: \_\_\_\_\_ Phone: \_\_\_\_\_

- Settlement agent       Escrow agent  
 Closing attorney       Other \_\_\_\_\_

? When is my closing? Where is my closing?

Date: \_\_\_\_\_ Time: \_\_\_\_\_

Address: \_\_\_\_\_

## 2. Ask the person who will conduct your closing what to expect at closing.

The process varies by state

? What do I need to bring to my closing?

- Review the list on page 3 and make any necessary changes.

? About how much will I need to pay at closing? How do I pay?

\$ \_\_\_\_\_  Cashier's check       Wire transfer

? If I decide to walk away at closing, will I still owe the seller money?

## 3. Request your closing documents three days in advance of closing.

These are some of the most important documents you'll see at closing:

- Closing Disclosure Form  
 Mortgage / Security Instrument / Deed of Trust  
 Promissory Note  
 Deed, document that transfers property ownership (purchase only)  
 Right to Cancel (refinance only)

#### 4. Identify people you can call if you need help during your closing.

Have contact information for an attorney or trusted friend with you, and make sure they will be available during your closing.

Name: \_\_\_\_\_

I have this person's number saved

I have told this person my closing date and time

Name: \_\_\_\_\_

I have this person's number saved

I have told this person my closing date and time

#### 5. Schedule time the day before your closing to review documents.


Set aside enough time to carefully review the documents for errors and to make sure you have a clear understanding of the loan terms.


Date: \_\_\_\_\_ Time: \_\_\_\_\_


#### 6. Compare your HUD-1 Settlement Statement to your Good Faith Estimate.

Use the worksheet on page three of your HUD-1. By law, only certain costs can change.

Search for answers to these questions and if you can't find the answers ask your loan officer:


 Are the loan type, interest rate, monthly payment and other key terms the same as I expected?


 Are there any fees that I don't understand or that have changed significantly?


 Do I have an escrow account? Do I understand how that works?

#### 7. Read the rest of your closing documents.

Use our document summaries to learn more about why your closing documents are important.

 Is my personal information correct on all of the documents?

 What happens if I don't pay my loan?

 Do the key numbers (loan amount, monthly payment, interest rate) match exactly across all of my documents?

 How can I exercise my Right to Cancel (refinance only)?

If you're unable to get the rest of your closing documents in advance, take the list of questions above with you to closing.

#### 8. Arrange your payment for the amount due at closing.

I have my cashier's check or wire transfer ready.


# At Closing


Your closing day has finally arrived! Bring this worksheet to your closing and use it as a guide.

## 1. Bring these things or people with you to closing.

- A cashier's check or proof of wire transfer for the exact amount of money you need to close.
- The list of people to call that you prepared earlier.
- Your Good Faith Estimate and HUD-1 Settlement Statement. You'll want to compare them to the final documents one more time.
- A trusted friend, advisor, or lawyer, if you are worried that you won't have an advocate at the table.
- Your co-borrower or the person who is co-signing your loan.
- Your check book, in case there are any last minute changes.
- Your driver's license or ID.

## 2. Get answers to these questions at your closing.

-  How will I pay my property tax and homeowner's insurance?
  - Included in my monthly payment
  - I have to pay them on my own

 Where will I send my monthly payments?

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 If I have Homeowner's Association dues, how do I pay?

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 Who should I call if I have questions after closing?

Name: \_\_\_\_\_ Phone: \_\_\_\_\_

## 3. Don't forget these closing tips.

- Take all the time you need. You have a right to read and understand your closing documents, no matter how long it takes.
- Trust your gut. Don't go forward until you feel comfortable.

# After Closing

Phew! Now that the paperwork is over, set yourself up for success as a homeowner with these final steps.

## 1. Save important documents.

- Closing Disclosure Form
- Mortgage / Security Instrument / Deed of Trust
- Promissory Note
- Deed, document that transfers property ownership (purchase only)
- Right to Cancel (refinance only)




## 2. Change your address.

- Bank accounts, investment accounts, and credit card companies
- Department of Motor Vehicles and car insurance
- Cell phone company, health/life insurance, and other bills
- US Postal Service

## 3. Revise your budget and plan for future expenses.

- Include Homeowners' Association (HOA) fees, and if you don't have an escrow account, property taxes and homeowner's insurance.
- Settle in to your new budget for a few months before making major home repairs or renovations.
- Set aside money each month in an emergency fund to cover essential repairs or loss of income.

## 4. Review your homeowner's insurance.

-  Does it cover floods? Earthquakes? Other disasters?
-  Could you get a discount for having smoke alarms or if you get your car insurance with the same company?
-  Could you save money by increasing your deductible?

## 5. Pay attention to:

- ❗ Changes in your monthly payment. Even if you have a fixed rate loan, your total monthly payment can change if your taxes, mortgage insurance, or homeowner's insurance go up or down.
- ❗ Servicing changes. The "servicer" is where you send your mortgage payments, and your servicer might change. If your servicer changes, you'll get a change-of-servicer notice in advance.

## 6. Watch out for:

Marketers often target new homeowners. Give yourself a chance to adjust to your new budget before applying for new credit or making large purchases.

- ❗ Offers for new credit cards or home equity lines of credit. If you want to opt-out of the offers, you can do so online or by calling (888) 567-8688.
- ❗ Offers from home improvement contractors. Not only should you wait before making major investments, but scams are common. Research a contractor's reputation and always get three quotes before choosing a contractor.
- ❗ Offers for "mortgage protection (life) insurance," often sent in official-looking envelopes. Most homeowners are better off with standard life insurance, which is more flexible and usually cheaper.
- ❗ Bi-weekly payment plans offered for a fee. A bi-weekly payment plan can be smart for people who get paid bi-weekly—you'll pay off your loan quicker and save money—but you don't have to pay for this service. You can often talk to your servicer and set it up yourself.
- ❗ Refinance offers that don't save you money. Don't refinance too often, or fees can really add up. When considering a refinance, make sure you're saving money with a lower interest rate.

## 7. Act fast to avoid foreclosure if you are struggling to make your payments.

If you're struggling to make your payments, talk to your mortgage servicer and call a housing counselor. Your mortgage servicer is required to explain what options are available to avoid foreclosure. HUD-approved counselors are trained professionals who will help you at little or no charge to you.

# About Key Title Group

The information in this Closing Guide, along with many other consumer resources, can be found by visiting the Consumer Finance Protection Bureau's website (CFPB.gov).

The CFPB's mission is to make markets for consumer financial products and services work for Americans—whether they are applying for a mortgage, choosing among credit cards, or using any number of other consumer financial products.

Key Title Group, although not affiliated with the CFPB, believes an educated consumer is our best customer.

We rely on integrity, accountability and industry knowledge from our staff, vendors and real estate partners. With access to the American Land Title Association and support from our underwriter, we will lead the way in establishing and providing consumer friendly, worry free title and settlement services.



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