

Loan Information



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Closing 101

PREPARE FOR IT

Closing day marks the end of your home-buying process and the beginning of your new life! To make sure your closing goes smoothly, you should bring the following:

- Drivers License or picture ID
- Final Closing Funds; check with your escrow officer

OWN IT

Transfer of title moves ownership of the property from seller to you. The two events that make this happen are:

Delivery of the buyer funds

This is the check or wire funds provided by your lender in the amount of the loan.

Delivery of the deed

A deed is the document that transfers ownership of real estate.

The deed names the seller and buyer, gives a legal description of the property, and contains the notarized signatures of the seller and witnesses.

At the end of closing, the deed will be taken and recorded at the county clerk's office. It will be sent to you after processing.

Closing Preperation



BUYER PRE-PAID ITEMS

Buyer Pre-Paid Items

Private Mortgage Insurance

(2 months) _____

Interim Interest _____

Homeowners Insurance (14 months) _____

Maintenance Fee _____

(_____ months at \$ _____ per month) _____

Taxes _____

(_____ months at \$ _____ per month)* _____

Total _____

Total Estimated Monies Buyer Must Have at Time of Closing

Down Payment _____

Closing Costs _____

Pre-Paid Items _____

Total Move-in Investment _____

Less Earnest Money _____

Cashier's Check at Closing _____

Buyer's Monthly Payment Estimate

Principle and Interest _____

Monthly Taxes (1/12 of annual) _____

Monthly Insurance _____

(1/12 of annual home & flood if any) _____

PMI _____

Monthly Maintenance Fee _____

Total _____

* Title Company is not a licensed mortgage broker or real estate agent, this information is being provided for information purposes only. For more specific information please contact a licensed mortgage broker or real estate agent.

* Determined by month of closing: Count months beginning with buyer's first payment month (second month after closing) to October 1st, deduct this result from 12 to arrive at total months to be escrowed at closing.

LOAN APPLICATION CHECKLIST

The following is information you may need when applying for a loan.

Realtor-Furnished Information

- Copy of earnest money contract
- Breakdown of all taxing authorities
- Amounts of taxes and assessments paid in previous year

Purchaser-Furnished Information:

- Social security number for borrower and co-borrower
- Income tax statement and copy of W-2 for previous year (2 years if self-employed)
- Names and mailing addresses of employers for past four years
- Correct mailing address and person to whom employment verification information should be directed
 - Other income:
 - Social Security
 - Retirement
 - VA compensation (note: copy of award letters or copy of checks when received on the 1st of each month)
- Present address and previous addresses to cover 2 full years
- Account numbers, addresses and balances for:
 - Checking accounts
 - Savings accounts
 - Paid out accounts (if paid out recently and is major credit such as auto, furniture, home improvements, etc.)
 - Current accounts (charge accounts and monthly installment) and current balances for each
- Retirement fund or profit sharing information, life insurance, cash values, and premium paid, stock, bonds with identification numbers, and other similar assets
- If rental property is owned, furnish a copy of a rental/lease agreement on it
- If you have previously had a mortgage, or have one now, bring information as to the type of loan it is, the loan number, and the name & address of the mortgage company you make/made payments to.
- If you are divorced and have children by previous marriages, amount of child support paid or received (one must have divorce decrees to verify amount)
- If applying VA, bring a copy of your DD-214 discharge paper and certificate of eligibility

Closing Checklist



COMPLETE YOUR BUYERS CHECKLIST

Prior to Closing:

- Provide a fully executed signed contract to the title company
- Provide another copy to the mortgage company which has been receipted by the title company
- Call the mortgage loan officer and arrange to make loan application
- Inspections of the property must be performed during the time limits set forth on the contract
- Review title commitment for any requirements
- Request itemized lists of closing costs and prepaid items from the loan officer to review prior to closing

Required at Closing:

- A wire transfer or cashier's check made payable to Title Company is required at closing. A wire transfer is the preferred method. If using a cashier's check it must meet "good funds" requirements. The title company must prepare the settlement statement (HUD) or Closing Disclosure Form and cannot give you a figure prior to receiving the closing instructions. Your real estate agent may provide you an estimate.
- Bring your driver's license for notary purposes.
- Ask for keys, garage door openers, and other security cards or access cards.

Avoid Closing Delays

Any bills for inspections to be paid at closing must be provided to the title company prior to closing. A charge that is shown as Paid Outside Closing (POC) can be set forth on the HUD or Closing Disclosure Form if the title company is advised before closing.

If you want to examine your loan documents, please request that the mortgage company provide the documents to the title company at least one day early so that you may have a copy for review.

If you will not be present at closing to sign documents and intend to use a Power of Attorney, the following must occur:

- The title company must approve the Power of Attorney prior to closing.
- Your lender must approve the Power of Attorney prior to closing.
- The original Power of Attorney must be delivered to the title company prior to closing, as the original must be recorded with the County Clerk ahead of all other documents
- The title company must be able to contact you via telephone on the day of closing to be certain you are alive and well and have not revoked the Power of Attorney

AFTER CLOSING

- One** You will receive from the County Clerk's office the original recorded Warranty Deed that transferred title of the property to you. Store this document in safekeeping, as you may need it in the future for reference purposes. (NOTE: a deed is not like a car title - you do not need the original to the property. Once the deed is recorded, your title is of public record with the Country Clerk)
- Two** You will receive from Title Company an Owner Policy of Title Insurance. This document should also be stored in safekeeping with your other important papers. Always verify names and legal description on the policy prior to storing.
- Three** You will receive a coupon book or other instructions about making your monthly loan payments from your lender. If you do not receive the coupon book or other instructions in time to make your first payment, call your lender to assist you.
- Four** (if applicable) Make certain to file your homestead exemption with the various taxing authorities that collect taxes on your property.
- Five** If your property taxes are being escrowed/impounded by your mortgage company, forward any tax notices you may receive in the mail to your lender so they can pay the taxes in a timely manner.
- Six** It is the taxpayer's responsibility to be certain the property is rendered in the taxpayer's name for the upcoming tax year—contact the County Appraisal District for assistance in making certain this is done.

Closing Fees

Here are some of the fees home buyers should brace themselves to pay:

1. A loan origination fee, which lenders charge for processing the paperwork for your loan.
2. A fee for running your credit report.
3. A fee for the underwriter, who assesses your credit worthiness.
4. A fee for the appraisal of the home you hope to own to make sure its value matches the size of the loan you want.
5. A fee for the home inspection, which checks the home for potential problems from cracks in the foundation to a leaky roof.
6. A fee for a title search to unearth any liens on the property that could interfere with your ownership of it.
7. A survey fee if it's a single-family home or townhome (but not condos)
8. Taxes, also called stamp taxes, on the money you've borrowed for your home loan.

How much are closing costs for sellers?

Here are the closing costs that sellers are typically responsible for:

1. A closing fee, paid to the title company or attorney's office where everyone meets to close on the home.
2. Taxes on the home sale.
3. A fee for an attorney, if the home seller has one.
4. A fee for transferring the title to the new owner.

Who Pays What?

1. Attorney's or Closing Agent's Fees – This is the fee charged for performing the closing. If the closing agent or attorney is representing one party in the transaction, then the represented party should pay the fee. Sometimes both seller and buyer will have representation for the closing process.
2. Costs associated with financing- There are many fees that are associated with borrowing funds to complete a transaction. Typically these fees are buyer costs. There are some rules and regulations that dictate who can pay some of these costs. Your lender can help you understand these fees and if a certain party must pay the fees in a given transaction. Sometimes sellers help pay these costs to leave more funds available to the buyer for down payment. Usually these fees are paid at the closing.
3. Brokerage Commissions – In the typical land transaction, the seller pays this fee. Generally the seller is represented by an agent. Most of the time that agent offers other agents a co-brokerage fee that is a portion of the total fee that the listing agent and seller negotiated for when the property was listed.
4. Surveys – Sometimes surveys are required and sometimes not. This is typically worked out in the initial negotiation as to who will pay for the survey. Care should be taken as to what type of survey you are negotiating. Generally, surveyors want to be paid when the work is completed, and may require some upfront deposit.
5. Environmental Audits and Inspections – If requested the inspector is paid their required fee up-front. Typically the requesting party should pay for this service.
6. Home and Structural Inspections – This is requested and the responsibility of the buyer to pay the cost. The seller may elect to have this done prior to marketing a property in order to make it more marketable. Home inspectors usually want to be paid up-front.
7. Appraisals – Usually appraisals are associated with financing the purchase. This cost is most often borne by the buyer.
8. Title Search/Abstracts – These are generally performed by the closing agent or attorney, or someone that they contract with for the service. It is usually paid for at closing, and most often, by the buyer.
9. Title Insurance – Owner's Title Insurance is for the sole benefit of the buyer. Mortgage title insurance is always paid for at the time of closing.
10. Taxes and Property Insurance – These are generally prorated at closing, meaning that the seller pays for these for the amount of time that they own the property in the tax or insurance period and the buyer pays for the amount of time they will own the property in the period. These fees are funded by debits or credits to the buyer or seller.
11. Deed Preparation – This fee is for drafting the document that conveys the property from the seller to the buyer and states the warranties and rights that the seller is granting the buyer. The seller normally pays this fee, at closing.
12. Mortgage Preparation – This fee is for drafting a mortgage and is most common to sales of owner-financed property. This fee is usually paid by the buyer at closing.
13. Recording Fees – These are the fees that the county charges for recording your documents into the public record. These fees are based on the sales price of the property, the number of pages, number of documents, and when recording mortgages, the value of the mortgage. These are sometimes referred to as Deed or Mortgage taxes. These fees are paid by the buyer, usually collected at closing.
14. Courier Fees – At times, documents will need to be shipped to other places. This can be for the benefit of the buyer or the seller and is paid for by the benefiting party.
15. Funds Transfer Fees – In some transactions, a buyer may not bring funds to closing but may elect to have them transferred electronically to the closing agent's account. Sometimes a seller would rather have his funds transferred to him electronically. There are fees associated with these transfers at the bank level for the closing agent. This fee is paid by the party benefited.
16. Affidavits, Power of Attorney, and Other Documents – From time to time in transactions the need arises for the closing agent to draft and have executed other documents. The fees are most commonly paid by seller.

Good Funds Law

House Bill 2074 requires that “escrow agents not disburse money from an escrow account until funds related to the transaction have been deposited and available.” The legislation specifies which forms of payments are acceptable for deposit. All availability dates are based on funds deposited in the bank, and the days are considered business days. A business day is defined as a calendar day other than Saturday or Sunday, and also excluding most major holidays.

The seller should note that this law may affect the time needed for recording the deed, possession or disbursement of sale funds.

Same-Day Availability

- Cash: Special requirements may need to be met if necessary to receive cash.
- Electronic Payment/Transfer or Wire: This is the preferred method for loan proceeds.

Next Day

- Official Checks: Must be In-State checks drawn on FDIC-Insured Institution.
- Cashiers, Certified or Tellers Checks
- U.S. Treasury Checks
- Postal Money Orders (other Money Orders – consult Title Company)
- Federal Reserve, Federal Credit Union and Federal Home Loan Bank
- Checks
- State and Local Government Checks: Must be In-State

2nd Day

- Other Checks: Personal, Corporate, Credit Union, Money Market and Travelers Checks — Must be Local

What is TRID?

TRID: The Know Before You Owe Rule

We have all been talking about the TILA/RESPA Integrated Disclosure rule, also known as TRID. Since this rule is designed to help borrowers understand the terms of their home financing transaction, there is a trend to start referring to this rule as the Know Before You Owe rule instead of TRID. The Know Before You Owe rule took effect October 3, 2015.

So what can you expect now that this rule is in effect?

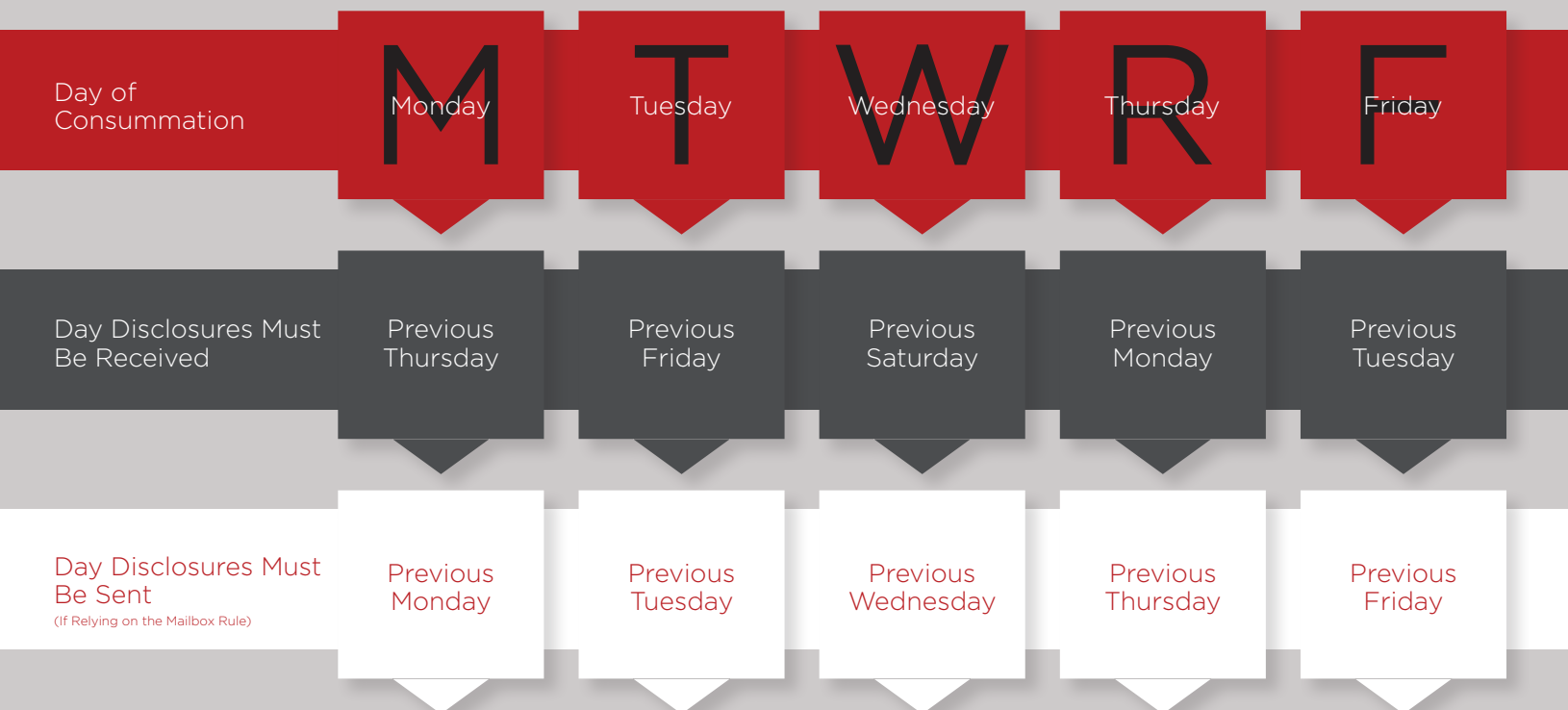
First, you will see consumer disclosures that are very easy to read. The Loan Estimate forms will clearly set forth the terms of the proposed transaction to help the borrower determine whether they would like to proceed with the transaction.

Next, consumers will be given their Closing Disclosure early. Before closing on a home purchase or refinance, consumers must receive a copy of their Closing Disclosure at least 3 business days prior to closing so if they have questions, their Loan Originator can provide them with additional information. The format of the Closing Disclosure will also mirror the Loan Estimate to make comparison easy.

What is TRID?

What does TRID stand for? TRID is the TILA / RESPA Integrated Disclosure Rule. Only in the mortgage world would we make an acronym out of acronyms... so let's break this down a little further. TILA is the Truth in Lending Act and RESPA is the Real Estate Settlement Procedures Act. The CFPB modified both rules in its TRID final ruling.

Watch the videos below with the AmeriFirst Financial Corp. Senior Vice President of Compliance, Sheila Strong. Whether you're a home buyer, a real estate agent or an industry expert, Sheila will offer insights into what this change means for you.



Notes

The three-day period is measured by days, not hours. Thus, disclosure must be received three business days before consummation, and not 72 hours prior to consummation.

The mailbox rule presumes a borrower receives the disclosures three business days after they are sent. Receipt of documents can be achieved earlier by providing the CD face-to-face or having the borrower acknowledge early receipt in writing.