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## Closing

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**Overview**

The following document provides an overview of the closing phase. After the processing phase, the Home Loan Processor completes the pre-closing tasks and sends the file to closing.

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**Assemble Documents**

The closer ensures everything is prepared for closing. This includes the following:

- Verify the pre-closing information.
  - Determine outstanding closing conditions.
  - Confirm the closing date with settlement agent.
  - Submit a request for funds.
  - Review the HUD-1.
  - Send the documents to the settlement agent.
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**Closing Meeting**

The closing is conducted by a settlement agent: attorney, title insurance company, or escrow agent. The settlement agent explains the documents to the buyer and seller. The buyer and seller then sign all of the documents. In some states the borrower and the seller meet separately with the settlement agent.

The funds are disbursed by check and the closing is complete.

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**Closing, Continued**

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**Closing  
Package**

There are several documents fundamental to every closing package. The table below lists each document and provides a definition for each.

<b>Document</b>	<b>Definition</b>
Appraisal	An estimate of the market value of the property; a document appraised value of property at time of purchase. It also refers to the process by which a value estimate is obtained.
Deed	In some states, the document used in place of a mortgage. A type of security instrument conveying title in trust to a third party conveying a piece of property. It is used to secure the payment of a note.
Mortgage Deed of Trust	A formal document executed by an owner of property, pledging that property as security for payment of a debt or performance of some other obligation; the security instrument.
Note	The agreement which states the amount to be borrowed and the terms and conditions of the loan. It also includes a complete description of how the loan should be repaid and the timeframe for the repayment.
HUD-1	Provides the buyer and seller a full disclosure of the closing (or settlement) costs.
Truth-in- Lending Disclosure	A federal regulation requiring lenders to inform customers of direct and indirect costs, terms and conditions of their credit arrangements. Also known as Regulation Z.
Hazard Insurance Policy	Hazard Insurance provides compensation against losses to the property caused by fire, wind, weather, or other natural disasters. The policy is required by lenders and investors.
Title Insurance Policy	Title Insurance results from an examination of public title records to disclose facts regarding ownership of the subject property, prior encumbrances, tax liens, or other interests. A title search verifies that the seller has a clear, marketable title to convey to the buyer.

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