

Documents Buyers Sign at Closing

Closing is the eagerly anticipated culmination of the real estate transaction. The parties usually convene at the title company office to execute all required documents. The buyer and seller, if applicable, remit any funds due, and the settlement agent disburses funds as set out on the HUD-1 Settlement Statement. Following is a list of the documents that a buyer signs at a typical residential closing where the buyer obtains a loan:

HUD-1 Settlement Statement: sets out all receipts and disbursements made by, on behalf of, or to the buyer and seller in the transaction.

Promissory Note: outlines the material terms of the loan including interest rate, term, maturity date, principal and interest payment amount, late penalty and prepayment penalty.

Mortgage: a document to be recorded which secures the borrower's pledge of property as collateral for the loan.

Affidavits: Where applicable, buyer executes sworn statements relating to:

- owner-occupancy of the property;
- current employment and income;
- name variations or "aliases";
- the non-existence of secondary financing;
- truth and accuracy of all information supplied to the lender;
- other matters specific to the particular transaction.

Disclosures and Acknowledgements: Where applicable, borrower may sign the following disclosures and acknowledgements:

- Acknowledgement that a default in payment of the loan could result in a foreclosure;
- Acknowledgement that the closing/settlement agent represents the lender;
- Disclosure of the Annual Percentage Rate ("APR") as reflected on the Truth In Lending Disclosure or "TIL";
- Disclosure of projected escrow account activity for one year;
- Acknowledgement that property is or is not located within a flood zone;
- Acknowledgement of receipt and review of survey;
- Disclosure of information relating to lender's history of transferring/selling loans.

Loan Application - standard form which reflects the income, assets, debts and other pertinent information used to qualify borrower for the loan.

IRS form W-9 - verifies the borrower's social security number for the reporting of payment of interest to the IRS.

IRS forms 4506 and/or 8821 - authorizes the lender to obtain information from the IRS to verify information on application form.

First payment letter - shows total payment amount, date of first payment and information regarding where to remit payment