

## LOAN DOCUMENTS – At a Glance

### Borrower's Certification Authorization

Signing  
Presentation  
Guidelines

**Borrower's Certification Authorization.** This document certifies all of the information provided in the loan application is true and complete.

Additional Information

This is the Borrower's Certification and Authorization. By signing this document the borrower agrees and certifies that the information contained in the borrower's loan application is true and complete, without misrepresentation or omission of important facts.

The borrower also authorizes the lender to release loan-specific information to an investor looking to purchase the loan in the secondary market.

Information provided to the investor could include the borrower's employment history and income, bank account balances, credit history and copies of the borrower's income tax returns.

### Compliance Agreement

Signing  
Presentation  
Guidelines

**Compliance Agreement.** This states that if there are any typographical or clerical errors on the closing documents, the borrower would agree to sign any documents that had to be corrected.

Additional Information

This is the Compliance Agreement. This document states that the borrower agrees to cooperate with the lender or lender's agent in fixing clerical errors on the documents after the property closes.

Depending upon the lender, this document may or may not be notarized.

Compliance Agreements may come in several forms:

- Errors & Omissions Agreement
- Document Correction Agreement
- Correction Agreement

Some variations (Correction Agreement – Limited Power of Attorney) give an agent of the lender permission to fix the clerical errors on the borrower's behalf. It speeds up the process of correcting the documents by giving someone who works for the lender the power to make corrections on the borrower's behalf.

### Closing Disclosure

Signing  
Presentation  
Guidelines

n/a

Additional Information

Combines and replaces the HUD-1 and TIL statement for most loans August 1, 2015.

This is the Closing Disclosure. Your lender should have sent you this in advance. It itemizes all closing costs. Page 1 includes loan amount, interest rate, projected monthly payments, closing costs and cash to close. The remaining pages include closing cost details such as loan and other costs, payoffs and payments, cash to close calculations, disclosures, loan calculations and contact information.

In this document you can find:

- Loan terms
- Loan amount
- Interest rate
- Monthly principal and interest
- Cost at closing
- Loan disclosures
- Loan calculations
- Total of payments
- Finance charge
- Amount financed
- APR
- Total Interest Percentage

## Deed of Trust

### Signing Presentation Guidelines

**Deed of Trust.** This document is recorded in county land records as evidence of the lender's security interest in the property.

(Note: Any riders should also be signed at this time.)

### **Riders. (If applicable.)**

(Note: even though the script only mentions the following riders, there are many more.)

- **Planned Unit Development (PUD) Rider.** This rider requires you to pay any fees or assessments that may be levied by a Homeowners Association to prevent any liens by the association.
- **Second Home Rider.** This rider states you are not occupying the home as your primary residence.
- **1-4 Family Rider.** This rider states that your property is a multi-unit property.
- **Manufactured Home Rider.** This rider states the property is a manufactured home.
- **Condominium Rider.** This rider states the property is a condominium.
- **ARM Rider.** This rider states this loan is an Adjustable Rate Mortgage (ARM) loan

### Additional Information

This is a Deed of Trust. It is a security instrument whereby real property is pledged as a security for a debt. This is the one document in the package that is always notarized.

Depending on the foreclosure law in the state where the borrower lives, a Deed of Trust or Mortgage is used. Foreclosure of a Mortgage must go through the court while a foreclosure for Deed of Trust goes through the title holder.

With a Deed of Trust, the borrower receives title to the property but conveys title to a neutral third party – called a trustee – until the loan balance is paid in full.

The "Assignment of Deed of Trust" that may be found in some loan packages is NOT the same as a Deed of Trust. A Notary should not notarize an Assignment of Deed of Trust that appears in the loan package.

## Errors & Omissions (E&O) Agreement

### Signing Presentation Guidelines

This states that if there are any typographical or clerical errors on the closing documents, the borrower would agree to sign any documents that had to be corrected.

### Additional Information

This is the Errors & Omissions Agreement. This document states that the borrower agrees to cooperate with the lender or lender's agent in fixing clerical errors on the documents after the property closes. Depending upon the lender, this document may or may not be notarized.

Errors & Omissions Agreement may come in several forms:

- Compliance Agreement
- Document Correction Agreement
- Correction Agreement.

## Flood Hazard Notice

### Signing Presentation Guidelines

This indicates whether or not the property is in an area designated as a flood zone area.

### Additional Information

This document also stipulates:

- At minimum, how much flood insurance must be purchased
- That flood insurance coverage is available under the National Flood Insurance Program (NFIP)
- Whether federal disaster relief assistance may be available in the event of damage to the building caused by flooding in a federally declared disaster.

## General Closing Instructions

Signing  
Presentation n/a  
Guidelines

**Additional Information** These are the General Closing Instructions. This document provides the lender's general requirements (conditions) to the settlement agent for the closing of all single-family residential mortgage loan transactions.

The General Closing Instructions provide the lender's conditions for executing and correcting documents, using a Power of Attorney and handling transactions with a rescission period.

## GFE/Good Faith Estimate

Signing  
Presentation  
Guidelines The **Good Faith Estimate** is an estimate of all closing fees including pre-paid and escrow items as well as lender charges.

**Additional Information** Referred to as the GFE, this document must be provided by a lender or broker as provided by the Real Estate Settlement Procedures Act (RESPA) It is a disclosure in which the lender provides the borrower with the best estimate of settlement costs at the time of application.

It contains a summary of important loan terms and the total estimated costs for the loan. This information helps the borrower comparison shop from lender to lender.

Although the Good Faith Estimate is not signed, some lenders may include another document that asks borrowers to attest that they received and reviewed this document.

## HUD-1 Settlement Statement

Signing  
Presentation  
Guidelines Let's start with the Settlement Statement. The HUD/Settlement Statement itemizes all closing costs; on pages 1 and 2 items that appear on this statement include real estate commissions, loan fees, points, payoffs and escrow amounts. Page 3 of the Settlement Statement is a comparison of the fees disclosed on the Good Faith Estimate (GFE) to the actual costs as listed on the settlement statement/HUD.

The bottom portion of Page 3 shows the loan terms. The loan amount, rate, term, principal and interest payment as well as total payment are at the bottom.

**Additional Information** The HUD-1 Settlement Statement itemizes the actual settlement services provided and fees charged to the borrower. It's the cost of borrowing the money for the loan.

The following lines on the HUD-1 are of particular interest to signing professionals conducting a loan signing:

- Line 103 - Settlement charges to borrower
- Line 120 - Gross amount due from borrower
- Line 220 - Total amount paid by/for borrower
- Line 300 – Checkbox for borrower to provide/receive funds at closing
- Bottom half of page 3 summarizes loan terms (loan amount, term, interest rate)

The HUD-1 is the industry standard settlement statement adopted for use by the U.S. Department of Housing and Urban Development. The fully completed "HUD-1 Settlement Statement" generally must be delivered or mailed to the borrower at or before the settlement.

A borrower may request a preliminary HUD-1 24 hours before the closing.

In cases where there is no settlement meeting, the escrow agent will mail the final "HUD-1 Settlement Statement" after settlement.

## HUD / VA Addendum to Uniform Residential Loan Application

Signing  
Presentation n/a  
Guidelines

Additional Information This is a common addendum to the Uniform Residential Loan Application that may appear in a loan package for both the Department of Veterans Affairs and the Department of Housing and Urban Development loans.

Both lenders and veterans complete certain sections of the form. Federal agencies must obtain approval for each collection of information they conduct or sponsor.

## Impound Account Letter

Signing ***If the borrower IS escrowing funds:***  
Presentation ***Impound Account Letter.*** This is the form authorizing your lender to collect real estate  
Guidelines taxes and homeowner's insurance to be paid out of your escrow account when they are due and payable.

***If the borrower IS NOT escrowing funds:***

You have not elected to have your real estate taxes and hazard insurance to be included in your monthly mortgage payment. It is important to note that you are responsible for making these payments outside of the mortgage payment.

Additional Information This is the Impound Account Letter. This document informs the borrower if the lender requires him/her to set up an impound account to collect and manage Principal, Interest, Taxes and Insurance (PITI). On certain loans an impound account may be required if the principal amount exceeds 80% of the sales price or the appraised value, whichever is lower.

If not required by the lender, the borrower may elect to pay taxes and insurance as they are due or set up an impound account, in which case taxes and insurance are paid with the principal and interest charges each month. This document can sometimes be combined with the First Payment Letter and is called the **Impound Authorization and First Payment Notification**

## Initial Escrow Account Disclosure Statement

Signing  
Presentation ***Initial Escrow Account Disclosure Statement.*** This is a one-year snapshot of your  
Guidelines escrow account.

Additional Information This is the Initial Escrow Account Disclosure. It outlines the activity in an escrow or impound account for the coming year. It also contains the information regarding the borrower's first payment for the loan. The escrow or impound account is where amounts for taxes and insurance paid as part of the monthly mortgage payment are deposited.

## Insurance Requirements

Signing  
Presentation This document states that homeowners insurance is required during the term of the loan.  
Guidelines

Additional Information Also called the Hazard Insurance Disclosure. In this document, the lender outlines the policies and minimum requirements for a hazard insurance policy that must be provided to cover the subject property.

## Itemization of Amount Financed

### Signing Presentation Guidelines

This describes the items in detail that comprise the amounts necessary to calculate the annual percentage rate.

### Additional Information

A separate written itemization of the good faith estimates of settlement costs provided for transactions subject to the Real Estate Settlement Procedures Act (RESPA). Specific amounts for costs on the form are assigned the corresponding line number on the HUD-1 in which the amounts would appear.

This document includes:

- The amount of any proceeds distributed directly to the borrower
- The amount credited to the borrower's account with the lender
- Any amounts paid to other persons by the lender on the borrower's behalf

## IRS Form 4506-T

### Signing Presentation Guidelines

**Form 4506-T Request for Transcript of Tax Return.** This form authorizes the lender to obtain transcripts of tax returns.

### Additional Information

This is the IRS Form 4506-T. This allows an auditor to request a copy of the borrower's tax return for auditing purposes.

Loans are randomly chosen for audit to make sure that the borrowers / lender did not commit fraud by providing / altering false tax information. It is rarely used but kept in the borrower's file.

## IRS Form W-9

### Signing Presentation Guidelines

This form verifies the borrower's Social Security Number.

### Additional Information

This is IRS Form W-9. It is used to verify the borrower's Social Security Number. Allows the lender to accurately report to the IRS the interest that the borrower paid on the mortgage during a particular tax year.

## Limited Power of Attorney

### Signing Presentation Guidelines

n/a

### Additional Information

A Power of Attorney is a written authorization naming an agent to represent or act on another's behalf in private affairs, business or some other legal matter. A Limited Power of Attorney restricts power to perform only certain functions named in the document, such as the power to mortgage or sell real property.

Some variations (Correction Agreement – Limited Power of Attorney) give an agent of the lender permission to fix the clerical errors on the borrower's behalf. It speeds up the process of correcting the documents by giving someone who works for the lender the power to make corrections on the borrower's behalf.

This document commonly requires notarization.

## Loan Estimate

### Signing Presentation Guidelines

The **Loan Estimate** is an estimate of all closing fees including pre-paid and escrow items as well as lender charges.

### Additional Information

Replaces the Good Faith Estimate for most loans August 1, 2015.

This document must be provided by a lender or broker as provided by the Real Estate Settlement Procedures Act (RESPA). It is a disclosure in which the lender provides the borrower with the best estimate of settlement costs at the time of application.

It contains a summary of important loan terms and the total estimated costs for the loan. This information helps the borrower comparison shop from lender to lender.

Some lenders may include another document that asks borrowers to attest that they received and reviewed this document.

## Loan Modification Agreement

Signing  
Presentation n/a  
Guidelines

**Additional Information** This is the Loan Modification Agreement. It permanently changes one or more of the terms on a home mortgage loan which can provide a way for a borrower to avoid foreclosure on the mortgage.

This document may:

- Lower the interest rate
- Extend the loan period
- Add/deletes fees due on the principal of the loan.

## Mortgage

Signing  
Presentation  
Guidelines

**Mortgage.** This document is recorded in county land records as evidence of the lender's security interest in the property.

*(Note: Any riders should also be signed at this time.)*

### **Riders. (If applicable.)**

*(note: even though the script only mentions the following riders, there are many more)*

- **Planned Unit Development (PUD) Rider.** This rider requires you to pay any fees or assessments that may be levied by a Homeowners Association to prevent any liens by the association.
- **Second Home Rider.** This rider states you are not occupying the home as your primary residence.
- **1-4 Family Rider.** This rider states that your property is a multi-unit property.
- **Manufactured Home Rider** *This rider states the property is a manufactured home.*
- **Condominium Rider** *This rider states the property is a condominium.*
- **ARM Rider** *This rider states this loan is an Adjustable Rate Mortgage (ARM) loan.*

**Additional Information** This is a Mortgage. It is a security instrument whereby real property is pledged as a security for a debt. This is the one document in the package that is always notarized.

Depending on the foreclosure law in the state where the borrower lives, a Deed of Trust or Mortgage is used. Foreclosure of a Mortgage must go through the court while foreclosure of a Deed of Trust goes through the title holder. A Mortgage is also different from a Deed of Trust in another way. In a Deed of Trust a borrower receives title to the property but conveys title to a neutral third party until the loan balance is paid in full. With a Mortgage, there is no third party involved.

The "Assignment of Deed of Mortgage" that may be found in some loan packages is **NOT** the same as a Mortgage. A Notary should not notarize an Assignment of Mortgage that appears in a loan package.

## Note

Signing  
Presentation  
Guidelines

The Note is a written promise to pay a sum of money at a stated interest rate during a specified term.

**Additional Information** The Note is a legal document that obligates the borrower to repay a mortgage loan at a stated interest rate during a specified period.

This Note contains the following provisions:

- Loan amount
- Interest rate
- Terms of repayment
- Monthly payment amount and due date
- Prepayment provisions
- Late charges terms and conditions

## Notice of Assignment, Sale or Transfer of Servicing Rights

Signing  
Presentation n/a  
Guidelines

**Additional Information** This document is required by RESPA. This document informs the borrower that the loan has been sold to another company that will service the borrower's loan.

It contains the name and contact information of the loan servicer and the date that the new loan servicer will begin accepting payments.

## Notice of Right to Cancel

Signing  
Presentation  
Guidelines This is the borrower's notice of their right to cancel the transaction within a specified time frame.

**Additional Information** For qualifying loans, the Notice of Right to Cancel gives the borrower three business days to cancel the loan.

The Right to Cancel applies to the following types of loans made on a primary residence in which the property is pledged as security for the loan:

- Refinance loans
- First and second loans
- Home Equity Line of Credit (HELOC) loans
- Reverse mortgage loans

However, the Right to Cancel does not apply to purchase loans and loans on second residences, vacation homes and income properties.

Each borrower must receive two copies of the Right to Cancel. All copies of this document should be signed at the signing appointment. Some lenders calculate the rescission period; other lenders rely upon the SIGNING SPECIALIST to calculate this date.

**Important Dates:**

- Document preparation date
- Signing date
- End of the rescission period date

**Calculating the rescission date:**

- Count three (3) business days beginning with the first business day after the signing. The rescission period ends at midnight on the third business day
- "Business" days include any day of the week except Sunday and the following Federal Holidays:

New Year's Day	Memorial Day	Columbus Day
Martin Luther King, Jr. Day	Independence Day	Veterans Day
Presidents' Day	Labor Day	Thanksgiving Day
		Christmas Day

## Occupancy Affidavit

**Signing Presentation Guidelines** This states that the borrower acknowledges no additional liens, judgments, encumbrances or claims against the property. It also states that no one else owns the property besides the borrower, there's no contract for sale, confirms marital status, no delinquent taxes and no zoning law violations.

**Additional Information** By signing this document the borrower declares that he/she as the purchaser or homeowner already occupies the property that is the subject of the loan or that he/she intends to occupy the property upon the close of escrow. The document also requires the borrower to certify that his/her financial condition has not materially changed since first applying for the loan. For example, that the borrower hasn't gone out and purchased a new car that could affect his or her credit score or expense requirements.

Depending upon the loan package, the Occupancy Affidavit may be a separate document in and of itself, or there may be both a combined Occupancy Affidavit and Financial Status and Occupancy Affidavit in the package.

This document commonly requires notarization.

## PATRIOT ACT/Identification Verification Form

**Signing Presentation Guidelines** This form verifies identity of the borrower and should read exactly as their state or federal issued ID reads.

**Additional Information** The USA PATRIOT ACT requires all financial institutions to establish a Customer Identification Program (CIP) for all new account holders. The information supplied in the Customer Identification Verification Form is used to determine whether the borrower's name appears on a list of known or suspected terrorists who have engaged in terrorist acts against the United States.

Following are key points about the CIP Form:

- Signing Agent documents the identifying information from a borrower's ID card to help lenders, title offices and escrow companies comply with USA PATRIOT ACT.
- One of few forms in a loan package that a Signing Agent may complete.
- The Customer Identification Verification Form must include the signature, date and title of the person completing the form.
- Signing Agents may enter the title Signing Agent in the relevant space on this form but should not use the title Notary Public.

## Payment Letter

**Signing Presentation Guidelines** This is the borrower's principal, interest, real estate taxes and homeowner's insurance which total the monthly payment.

**Additional Information** In the Payment Letter to Borrower, the lender:

- Informs the borrower what the borrower's monthly payment for the loan will be
- Breaks down the costs for principal and interest, property taxes and fire, flood and mortgage insurance (when applicable)
- Informs the borrower where to make payments for the loan

When it is combined with the Impound Authorization, the first payment information is at the bottom. It restates the loan amount, indicates whether there are impounds, gives the date of the first payment, and provides the total monthly payment.

## Payoff Statement

**Signing Presentation Guidelines** n/a

**Additional Information** This is the Payoff Statement. It allows the closing agent for the refinance transaction to disburse funds to pay off the current mortgage when the new loan is funded.

The Payoff Statement is a document that is typically used in refinance transactions. The closing agent for the transaction relies on the loan payoff information provided by the borrower's current mortgage holder to itemize the amounts in the Payoff Statement.

## Riders to Deed of Trust / Mortgage

Signing Presentation Guidelines	<p><b>Riders.</b> (Note: even though the script only mentions the following riders, there are many more)</p> <ul style="list-style-type: none"><li>• <b>Planned Unit Development (PUD) Rider.</b> This rider requires you to pay any fees or assessments that may be levied by a Homeowners Association to prevent any liens by the association.</li><li>• <b>Second Home Rider.</b> This rider states you are not occupying the home as your primary residence.</li><li>• <b>1-4 Family Rider.</b> This rider states that your property is a multi-unit property.</li><li>• <b>Manufactured Home Rider</b> This rider states the property is a manufactured home.</li><li>• <b>Condominium Rider</b> This rider states the property is a condominium.</li><li>• <b>ARM Rider</b> This rider states this loan is an Adjustable Rate Mortgage (ARM) loan.</li></ul>
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Additional Information	<p>This is a Rider to the Deed of Trust/Mortgage. The purpose of a rider is to include additional or special terms and conditions affecting the loan that are not present in the boilerplate text of the security instrument (Deed of Trust/Mortgage/Security Deed). Lenders attach riders when the loan has additional terms and provisions that must be explained in writing and that go beyond the standard provisions of the security instrument. Here are some additional examples:</p> <ul style="list-style-type: none"><li>• Adjustable Rate Rider</li><li>• Balloon Payment Rider</li><li>• Biweekly Payment Rider</li><li>• Condominium Rider</li></ul> <p>If marked on the Deed of Trust/Mortgage, the rider <b>must</b> be included in the <b>package and is considered incomplete without it.</b></p>
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## Servicing Disclosure Statement

Signing Presentation Guidelines	<p><b>Servicing Disclosure Statement.</b> This document discloses the fact that the lender has the right to sell, transfer or assign the servicing rights to the loan.</p>
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Additional Information	<p>This is the Servicing Disclosure Statement. This statement informs the borrower that the servicing for the loan may be transferred to a different loan servicer.</p> <p>Required by RESPA.</p>
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## Signature Affidavit and Name Affidavit

Signing Presentation Guidelines	<p><b>Signature Affidavit and Name Affidavit.</b> The Signature &amp; Name Affidavit lists variations of the borrowers name such as "AKA's" that the lender may have located when checking their credit or when the title search was completed. The variations may differ from their name as it appears on the lender's loan documents.</p>
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Additional Information	<p>This is the Signature Affidavit and AKA ("Also Known As") statement. It ensures signature verification and uniformity on all documentation.</p> <ul style="list-style-type: none"><li>• The borrower is required to provide a sample signature for each of the names listed on the document. These names were generated from credit reports and title searches.</li><li>• A similar document called a <b>Name Affidavit</b> lists all names by which the borrower has been known but does not require sample signatures.</li><li>• Depending on the loan package, there may be separate or multiple Signature and Name Affidavits.</li></ul>
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## Specific Closing Instructions

Signing  
Presentation n/a  
Guidelines

**Additional Information** The Specific Closing Instructions are instructions from the lender to the closing agent. They provide the detailed closing stipulations and requirements for a specific residential mortgage loan transaction.

The Specific Closing Instructions list many of the loan documents appearing in the loan package. This list may be used as a reference to verify certain documents appear in the package. It also lists the terms for the loan, an estimate of closing costs, the party responsible for paying the costs and any impounds.

## Truth In Lending Disclosure Statement

Signing ***Truth in Lending (TIL)***. This is the Truth in Lending statement. It will include the following  
Presentation information:  
Guidelines

- The annual percentage rate (APR)
- The finance charge
- The total of payments (the amount the borrower will have paid after they have made all of their scheduled mortgage payments)

**Additional Information** The federal Truth in Lending Act requires the lender to make disclosures on loans subject to the Real Estate Settlement Procedures Act within three days after receipt of a written application.

In this document, the borrower can find the following clearly stated:

- The Annual Percentage Rate (APR), which is the total cost of the loan, including loan fees, calculated into an annual rate. The APR will typically be higher than the interest rate for the loan.
- Finance charge – the dollar amount the loan will cost the borrower
- The amount financed
- Total payments and payment schedule
- Prepayment penalties, if any
- Assumption option, if allowed

## Uniform Residential Loan Application/ 1003

Signing ***Uniform Residential Loan Application/1003***. This is the final, typed version of the loan  
Presentation application.  
Guidelines

**Additional Information** This is the Uniform Residential Loan Application. Sometimes called the 1003, this document is the standardized loan application form for a residential mortgage loan required by Fannie Mae/Freddie Mac.