

# CLOSING PROCEDURES

CESP	CAEP	Topic/Issue
X	X	ORDER RECEIVED IN CLOSING OFFICE
X	X	• Types of Orders
X		• Open Order Process
X	X	• Necessary Information
X	X	ORDER OPENED IN THE CLOSING OFFICE
X		• Data entered into closing system
X		• New Order transmitted to Title Plant/Production Center
X		• Earnest money receipted
X		○ Bank deposit
X		○ Copies for accounting
X		○ Handling of NSF Checks
X		• Payoff/assumption/other lien information ordered
X		• Acknowledgment letters to clients – including Privacy Act Notice
X		• Survey letter to refinance borrower, if applicable
X	X	• Privacy Education: Employee guidelines throughout the transaction.
X	X	COMPLIANCE WITH MINIMUM ESCROW ACCOUNTING PROCEDURES AND INTERNAL CONTROLS
X	X	TAX INFORMATION RECEIVED
X	X	• Required for title insurance and proration at settlement
X	X	• Compared with order information; differences resolved
X		○ Address Exemptions, if necessary
X	X	TITLE WORK RECEIVED FROM TITLE PLANT/PRODUCTION CENTER
X	X	• Required from title plant licensed in the county of the property
X	X	• Compared with order information; differences resolved
X	X	• Curative work initiated, if applicable
X	X	CONTRACT (for buy/sell transactions) AND/OR LENDER PRELIMINARY INSTRUCTIONS (for Loan Only Transactions) REVIEWED
X	X	• Information from proposed insured(s) required before Commitment is issued
X	X	• Compared with order information; differences resolved
X	X	COMMITMENT PREPARATION
X		• Mailed to buyer, seller, realtors, lender with appropriate transmittal letters

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X	X	REQUIRED ITEMS REQUESTED AND/OR ADDED TO FILE (AS APPROPRIATE, ACCORDING TO TITLE WORK, CONTRACT, LENDER INSTRUCTIONS, ETC.)
X	X	<ul style="list-style-type: none"> <li>• Survey               <ul style="list-style-type: none"> <li>○ If required by terms of Contract or by lender</li> <li>○ Ordered by seller, buyer, lender or by settlement agent at direction of party assuming obligation for payment</li> </ul> </li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Requirements for use of an existing survey</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Use of T-47</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Compared with title work, contract and lender instructions; differences resolved</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Sent to title plant/production center for review, if applicable</li> </ul>
X		<ul style="list-style-type: none"> <li>• Insurance information/policy               <ul style="list-style-type: none"> <li>○ New insurance required for purchase money loans; may be required for refinances</li> <li>○ Endorsement required for assumptions; may be required for refinances</li> </ul> </li> </ul>
X		<ul style="list-style-type: none"> <li>○ Compared with contract and lender instructions; differences resolved</li> </ul>
X		<ul style="list-style-type: none"> <li>• Loan payoff information – Required if existing loan is to be paid in full or in part in current transaction               <ul style="list-style-type: none"> <li>○ "Borrower" and address compared with file information; differences resolved</li> <li>○ "Good to/through" date compared with anticipated loan funding; differences resolved</li> </ul> </li> </ul>
X		<ul style="list-style-type: none"> <li>• Loan assumption information – Required if existing loan will not be paid in full or in part in current transaction and will be an exception in policy(ies)               <ul style="list-style-type: none"> <li>○ "Borrower," property address and loan number compared with file information; differences resolved</li> </ul> </li> </ul>
X		<ul style="list-style-type: none"> <li>○ Compare Contract terms with assumption information               <ul style="list-style-type: none"> <li>○ Loan balance, interest rate and transfer fee – are they within allowable variances?</li> <li>○ If Seller is not "relieved of personal liability," is Deed of Trust to Secure Assumption required?</li> </ul> </li> </ul>
X	X	<ul style="list-style-type: none"> <li>• Release of lien or indemnity – Required if existing loan will not be paid in full or in part in current transaction and will not be exception in policy(ies)               <ul style="list-style-type: none"> <li>○ Compared with title work; differences resolved</li> <li>○ Release of lien – verify authenticity / validate – conveniently provided release is a "red flag" of a possible forged document</li> <li>○ Indemnity – Management approval required prior to closing</li> </ul> </li> </ul>
X		<ul style="list-style-type: none"> <li>• Termite certificate, if required by contract or lender</li> </ul>
X		<ul style="list-style-type: none"> <li>• Invoices (bills) for all items to be collected and paid at closing</li> </ul>

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X	X	<ul style="list-style-type: none"> <li>• Curative information and/or documents to meet requirements according to title work               <ul style="list-style-type: none"> <li>○ NOTE: All curative items must be reviewed by title plant personnel, office manager, or designated experienced employee. If appropriate, additional requirements are made.</li> </ul> </li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Marital status information, divorce proceedings</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Probate proceedings, heirship information</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Bankruptcy proceedings, foreclosure documentation</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Evidence of corporate standing, corporate resolutions</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Partnership agreements, trust agreements, assumed name               <ul style="list-style-type: none"> <li>▪ certificates</li> </ul> </li> </ul>
X		<ul style="list-style-type: none"> <li>• Lender Instructions – Required for all new loan closings</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Must be in writing</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Must be clear and unambiguous</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Reviewed carefully</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Compared with file information</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Compared with Texas regulations</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Lender called; differences/questions resolved</li> </ul>
X		<ul style="list-style-type: none"> <li>• Legal Documents</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Ordered from attorney or supplied by Lender</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Received and reviewed – compared with Commitment and terms of transaction, including Contract terms</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Add legal description, if required</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Additional documents prepared or requested, if necessary</li> </ul>
X	X	<b>FINAL COMMITMENT PREPARATION</b>
X	X	<ul style="list-style-type: none"> <li>• Current title work (down-date, up-date, bring to date) ordered and reviewed</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• Exceptions added: current title work, survey, transaction details, etc.</li> </ul>
X		<b>CLOSING DATE/TIME AND ESTIMATED FUNDING DATE DETERMINED</b>
X		<ul style="list-style-type: none"> <li>• Closing scheduled with appropriate parties</li> </ul>
X		<ul style="list-style-type: none"> <li>• Closing instructions reviewed to determine funding procedure</li> </ul>
X		<b>CLOSING DISCLOSURE AND HUD-1 STATEMENT PREPARED</b>
X		<ul style="list-style-type: none"> <li>• Order Entry</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Order entry data compared with current information</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Necessary amendments made</li> </ul>
X		<ul style="list-style-type: none"> <li>• Closing Disclosure and HUD - All pertinent information entered – Review contract to determine the party responsible for specific expenses</li> </ul>
X		<ul style="list-style-type: none"> <li>• Notify lender of “breach of tolerance” if applicable</li> </ul>

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CESP	CAEP	Topic/Issue
X		• Deposits/Checks/Disbursements – Reviewed, errors discovered and corrected
X		• Print Settlement Statements
X		<b>FILE ORGANIZED FOR A SMOOTH CLOSING</b>
X	X	<b>CLOSING OF THE TRANSACTION</b>
X	X	• Buyer/Seller/Borrower execute all required documents
X	X	• Buyer/Seller/Borrower place all required funds in escrow
X		<b>ESCROWED FUNDS RECEIVED FROM BUYER/SELLER/BORROWER ARE</b>
X		• Funds are verified as being "good funds" – Procedural Rule P-27
X		• Funds deposited to closing system
X		• Bank deposit prepared
X		• Copies for accounting
X	X	<b>LENDER'S FUNDS RECEIVED AND VERIFIED AS BEING "GOOD FUNDS"</b>
X		• Wire confirmation received
X		○ From accounting or in writing/on line from bank
X		• Cashier's check received and funding number
X		• T-37 check received and
X		○ Verify that you have a proper, fully executed T-37 Agreement
X		• Funding number received from lender
X		• Transaction code received from bank
X		• Funding authority received
X		• Entries made for lender's over/under funding, if
X		• Funds deposited to closing system
X		• Bank deposit prepared
X		• Copies for accounting
X		<b>VERIFY THAT ACTUAL RECEIPTS AND ANTICIPATED DISBURSEMENTS</b>
X		• Prepare Form T-63 if any POC items are to be included in funding
X		<b>FUNDS DISBURSED</b>
X		• Checks/Disbursements (including wires out)
X		• Proper escrow check instructions entered for grouping/splitting/wiring, etc.
X		○ Add appropriate data for mailing, memo and stub notations

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X		<ul style="list-style-type: none"> <li>• Print Closing Checks and initiate outgoing wires</li> </ul>
X		<ul style="list-style-type: none"> <li>• Verify zero balance for the file; locate and resolve errors</li> </ul>
X		<ul style="list-style-type: none"> <li>• Print Disbursement Sheet/Ledger for file</li> </ul>
X		Documents organized, copies made, file organized into "packages"
X		<ul style="list-style-type: none"> <li>• Loan package</li> </ul>
X		<ul style="list-style-type: none"> <li>• Disbursement package – including documents to be recorded</li> </ul>
X		<ul style="list-style-type: none"> <li>• Policy package, if applicable</li> </ul>
X		If not previously sent, loan package delivered to lender within prescribed time period according to loan closing instructions
X	X	Prepare and record documents with appropriate county clerk
X	X	<ul style="list-style-type: none"> <li>• Review each document, using a recording checklist</li> </ul>
X		<ul style="list-style-type: none"> <li>• Deliver for recording within 48 hours of funding</li> </ul>
X		File placed in policy department or post closing department
X	X	Policy production and closed file
X		<ul style="list-style-type: none"> <li>• Evidence of recording (recorder's receipts) received from County Clerk</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• Policy(ies) produced and mailed within 90 days – Procedural Rule P-61</li> </ul>
X		<ul style="list-style-type: none"> <li>• File monitored until closed file matters are complete                             <ul style="list-style-type: none"> <li>○ Releases/assignments received, recorded, originals returned</li> </ul> </li> </ul>
X		<ul style="list-style-type: none"> <li>• If release not received, copy of follow-up demand letter in file</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Paid tax receipts received</li> </ul>
X		<ul style="list-style-type: none"> <li>○ All other appropriate recorded documents returned by county clerk</li> </ul>