

## AN EXPLANATION OF THE CLOSING PROCESS FOR A REFINANCE

**Overview.** Our office has been selected by your mortgage lender to conduct the closing for your refinance. This letter is to explain our role in the closing process. We encourage you to call or e-mail us with any questions you have, as we hope to make the process as seamless as possible.

**The Role of the Lender's Counsel.** As lender's counsel, it is our job to be sure certain legal matters critical to the mortgage loan are in order. The most important of these is the "examination of title". Essentially, the title exam is a review of the records at the county Registry of Deeds for a period of years. In a refinance transaction, we most often conduct only a limited examination of title. We do not certify title to the homeowner as is required in most purchase transactions. We are only required to issue a title policy to your lender.

**Homeowner's (hazard) Insurance.** Prior to the closing, you will need to provide us with a "binder" for your homeowners insurance, and if the property is in a federally designated flood plain, a flood coverage binder as well. The amount of coverage must equal at least the lower of your mortgage amount or the replacement cost of your home. The fact that the insurance is for full replacement cost must be stated in the binder. Please let us know as soon as possible who your insurance agent is. We (or the lender) will contact your agent to provide the specifics of how the binder is to read.

**Condominiums.** If your property is a condominium unit, you are required to provide at closing a certificate pursuant to Massachusetts General Laws, Chapter 183A, Section 6(d). This certificate is obtained from the organization of unit owners (condo association or management company) and states that there are no unpaid common assessed against your unit. You will also be required to provide a Certificate of Insurance naming, as insureds, the buyer and the buyer's mortgage lender, the Condominium Unit, and that the policy is "ALL INCLUSIVE."

**The Closing – Time and Place.** After your loan is approved, we will contact you to schedule the time and place of closing. The time and place of closing are often dictated by logistics. Although we will accommodate requests to close at a place convenient to you, it is easiest to close in our office, where changes can readily be made in the documents if needed. One of our real estate paralegals will call you to schedule the final time and place. The closing takes approximately thirty to forty-five minutes. Be sure to bring definitive identification with you to the closing. A valid driver's license or passport are the preferred forms of identification. Let us know if this presents any issue for you in advance of the closing.

**The Closing – Funds Needed.** As the lender's counsel, we will provide you with the final Closing Disclosure ("CD"). You will receive a preliminary Closing Disclosure from your lender at least three business days prior to closing in order to meet TRID Guidelines. This preliminary CD may or may not match the final CD that we will provide as often times there are adjustments made after the lender issues the preliminary CD. The CD is an itemization of all amounts due at closing. Although we strive to provide at least 48 hours advance notice if any funds are needed, this is at times difficult due to several factors, and we will often ask your patience. There are many times when the "CTC" (lender's clear to close) occurs less than 48 hours prior to closing, so we may not have the final numbers from the mortgage lender in a manner to allow as much advance notice as we would like. Once you have the final amount, you may either wire that amount to our "IOLTA" closing escrow account, or can obtain a bank treasurer's check. We ask that the check be made payable to Kellem & Kellem, LLC. Our office will make all disbursements in connection with the closing from the funds you and the lender provide, including satisfying all liens against the property, and paying various closing related costs.

**The Closing - Proceeds.** Proceeds will be available once our office has received good funds from your lender, the final rundown has taken place and the new mortgage has been recorded. We strive to accomplish this in a reasonable time frame on the date of disbursement. Funds will be available in the form of a check.

**Homesteads.** If the home you are refinancing is your principal residence, we suggest you consider placing a homestead declaration on the property. Although there are significant exceptions, a homestead generally protects the first \$500,000.00 of equity in a principal residence against a forced sale of the property for most debts and liability incurred after the date that the homestead is recorded. We recommend that you consult your attorney for a more detailed explanation of the benefits of a homestead. Please let us know whether you wish us to prepare a homestead for you. The cost for our office to prepare and record a homestead is \$137.00. If you already have a homestead recorded, you may not need to record a new one, and suggest you consult with your attorney for advice.

**PLEASE NOTE: IF YOU ARE MARRIED TO A NON-BORROWER CO-OWNER, YOUR SPOUSE WILL NEED TO JOIN IN THE MORTGAGE AT THE TIME OF CLOSING FOR PURPOSES OF SUBORDINATING THE HOMESTEAD.**

**Copy of Closing Package.** As closing counsel we will provide a set of all loan documents for your records (and bedtime reading). The copies should be retained in a safe place for as long as you own your home.

**Closing Information Sheet.** We have included a "Closing Information Sheet" along with this letter. Please fill in the requested information and return it to us by facsimile or e-mail. We look forward to working with you and your mortgage lender to ensure a smooth transaction.