How To Review The Closing Disclosure

For The Buyer

When a seller is reviewing their Closing Disclosure, it can be confusing since they do not review them daily like title companies, lenders and real estate professionals do. It is generally a two page document that is very important to the transaction. Below is an explanation of each page in this document.

Page 1:
This page summarizes the buyer's important loan terms. It includes their interest rate, monthly payment amounts and estimated escrow payments. It also summarizes their cash-to-close requirements for the transaction.

Page 2:
This page itemizes all charges to the buyer from the transaction. The top half of the page is dedicated to those fees that are charged because the buyer is obtaining a loan. These are called loan charges. Each section includes the individual charges that are being made at closing in alphabetical order. The bottom half of the page is dedicated to those fees that are charged from the transaction occurring. These fees are also separated by type and alphabetized. These are called other charges.

Page 3:
This page serves two purposes. At the top of the page, we compare for the buyer the costs that were disclosed to them in their initial Loan Estimate to the fees charged at closing. Also on this page is the Summaries of Transaction section wherein the final figures even out from the contractual requirements between the parties. Here is where a buyer will see all tax or homeowners' association prorations. The buyer will also see their earnest and option money deposits as well as any credits passing between buyer and seller.

Page 4:
This page is dedicated to explaining the characteristics of the buyer's loan to them. Under Loan Disclosures the borrower can read about how their loan operates for them post-closing. This page also discusses how their escrow account operates.

Page 5:
This page includes a section labeled Loan Calculations that replaces the Truth-in-Lending forms previously used for closing. The page also includes additional disclosures for the buyer as well as a list of contacts participating in the transaction.

This document is prepared and delivered to the buyer by the lender in most cases. It must be disclosed to the buyer a minimum of three business days prior to closing so that the buyer has adequate time to review the document and prepare for closing.

stewart™ TITLE

© 2021 Stewart. All rights reserved. 9/20.