



## SIGNING THE PAPERS: WHAT TO EXPECT

When the time comes to sign the papers, several documents will be presented to you. Take your time and read each document carefully.

They will likely include:

**Promissory Note** – In the promissory note, you promise to repay the money borrowed. The note should state the amount you are borrowing, the interest rate, whether and how that interest rate may change, the term or length of the loan, and the amount of any balloon payment. It will also state if a prepayment penalty applies to your loan.

**Deed of Trust** – The deed of trust gives the lender a lien on your home. It also gives the lender the right to foreclose on your home if you do not repay the loan.

**Escrow Instructions** – The escrow instructions tell the escrow holder how to pay the loan funds. If existing mortgages or other debts are to be paid off by the loan, be sure that the escrow instructions tell the escrow agent to pay off these debts.

**Broker Agreement** – Sometimes you will be asked to sign this agreement. Read the broker agreement carefully. Does the agreement require you to pay the broker's fee even if you do not receive the loan you requested? Make sure the agreement is consistent with what the broker has already told you about your rights and obligations.