



Settlement/Closing Requirements

CLEAR TO CLOSE

All prior to closing conditions must be satisfied prior to ordering closing documents and funds.

CLOSING DOCUMENTS

Closing Documents are prepared by either the Managed Closing Services Team or by select members of the Centralized Support Center thru Flagstar's Web Based Closing Documents (WBCD) module.

Closing instructions given to the closing/settlement agent should include any "at closing" conditions on the commitment letter. Flagstar's "at closing" conditions will automatically be part of the WBCD closing instructions. The closing/settlement may be completed any time prior to the expiration of both the underwriting approval (commitment letter) and the lock period. This means all documents must be signed and funds disbursed prior to the earliest of the above mentioned expiration dates.

Loans should utilize Mortgage Electronic Registration Systems (MERS) and close on a MERS as Original Mortgagee (MOM) document. The Mortgage/Deed of Trust must have the MERS language included and MIN shown on the first page. The MIN should be located on the upper-right hand corner of the Note.

Short Form Title Insurance policies should be used on all eligible loans. For those loans closing in the name of "MERS", the endorsement language should name the "Lender (Name of who loan closed under), its successors and assigns appearing of record as Mortgage Electronic Registration Systems, Inc. as the Insured." See *Title Insurance Policy Requirements*, [Doc. #r4606](#) for more information.

DATES/FHA PAYOFF

- Closing Date: Date that the documents are signed by the borrower.
- Disbursement Date: Date that the funds are released by the settlement agent.
- Date Funds Needed: Date that the closing/settlement agent would like the funds to be at their office.
- FHA Payoff Loans: Indicate whether the funds being issued will pay off an existing FHA loan to avoid interest penalties.

The closing, disbursement and date funds needed may all be the same date, or may be a different dates depending on the type of loan and each state's specific practices.

SIGNATURE REQUIREMENTS

CONVENTIONAL LOANS

Closing documents must be signed and/or notarized on or after the date of the documents. If the documents are signed and/or notarized before the date of the documents it will result in an errors & omissions fee on the loan.

GOVERNMENT LOANS

Closing documents must be signed and/or notarized on or before the date of the documents. If the documents are signed and/or notarized after the date of the documents it will result in an errors & omissions fee on the loan.

NOTARY POLICY

- Notaries may not be associated with the lender. Ineligible notaries include but are not limited to the following:
 - Any employee of the lender, including but not limited to loan originators, processors, etc.



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(When closing loans in-house, banks and credit unions only may use an employee to perform notary services)

- Any family member of one of the principal owners
- Anyone who receives funds, other than the notary fee, upon loan closing
- Loans that close with an unacceptable notary must be re-closed with a non-associated notary prior to funding.

FINAL HUD-1

For conventional, VA, and FHA refinance, Flagstar will accept a Final HUD-1/HUD-1A that has been signed by:

- All parties to the transaction (settlement agent, borrowers, and sellers in a purchase transaction), OR
- The borrowers and sellers along with a certified true copy stamp on the Final HUD-1 signed by the settlement agent, OR
- An addendum signed by all parties to the transaction (settlement agent, borrowers and sellers in a purchase transaction), as long as the loan is referenced on the addendum.

For FHA Purchase, the FHA HUD-1 Addendum must be signed by all parties to the transaction (settlement agent, borrowers, and sellers).

1003

A printed copy of the final Uniform Residential Loan Application (1003) must be included with the closed loan package. This document must be signed by borrowers at closing and returned in the closed loan package. If one is not included with the package, please contact the closer/loan originator immediately.

POWER OF ATTORNEY

If closing by power of attorney (POA), the specific conditions section of these closing instructions must indicate that prior approval was obtained and approved by Flagstar. The title policy must not make any exceptions based upon the use of the POA. The following POA signature format is required:

John P. Doe by Mary C. Doe, Attorney In Fact
John P. Doe by Mary C. Doe, Attorney In Fact
Under Agreement Dated MM/DD/YYYY

Enclose a copy of the POA document in the closed loan package.

CLOSING IN A TRUST

Refer to the Closing in Trust section of the [Conventional Underwriting Guidelines](#) for details and restrictions associated with loans closing in a trust.

CLOSING PROTECTION LETTER (CPL)

A transaction-specific CPL is required on all loans.

See *Settlement Agent, Escrow & Attorney Setup*, [Doc. #r3676](#) for state-specific guidelines and additional details regarding CPLs.



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INSURANCE CLAUSES

HAZARD (HOMEOWNER'S AND FLOOD) INSURANCE MORTGAGEE CLAUSE

The hazard insurance clause will vary based on business channel. Refer to *Hazard Insurance Requirements*, [Doc. #r4602](#) for details. Refer to *Flood Insurance*, [Doc. #r4603](#) and for the Flood clause.

TITLE INSURANCE MORTGAGEE CLAUSE

The clause will vary based on loan type and method in which the assignment takes place. See *Title Insurance Policy Requirements*, [Doc. #r4606](#) for details.

LOCK INFORMATION

Lock details and confirmation can be obtained from [Loantrac](#) in the Loan Information section. Locked rate must match Note rate at closing. For more information, refer to Lock details and confirmation can be obtained from Loantrac in the Loan Information section. Locked rate must match Note rate at closing. For more information, refer to *Loan Registration and Locking a Loan*, [Doc. #r4101](#) and *Home Lending Lock Extension Policy*, [Doc. #r4104](#).

DISBURSEMENT FIGURES:

Charges payable to Flagstar Bank will be deducted from the following but not limited to:

- Processing fees
- Fee for Rate Selected (locks below par)
- Initial escrows/impounds
- Pre-paid interest
- Principal reductions
- Flagstar-to-Flagstar payoffs
- Upfront PMI/MIP ¹
- Underwriting Fees
- Commitment Fees
- Credit Fee
- VA guarantee
- Rural guarantee

1. Flagstar will use the ZIP/ZOMP monthly certificates for PMI unless otherwise indicated by the broker, meaning that nothing will be collected up-front or in reserves/impounds.

You may obtain a Funding Breakdown in Loantrac on the Loan Information page.

RESCISSION

Refinance loans must have a Right of Rescission (Right to Cancel). Regulation Z requires three (3) full business days be given to the borrower to rescind (cancel the transaction) between the closing/signing date and the date of disbursement. For rescission purposes, Sundays and legal holidays are not considered "business days." Refer to *Right of Rescission*, [Doc. #r4622](#) in the Seller's Guide for further details.



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WIRE INSTRUCTIONS FOR CANCELED/RETURNED LOANS

Instructions for returning funds for transactions that have canceled are:

ABA/Routing Number	272471852
Bank Name	Flagstar Bank, FSB
Address	5151 Corporate Drive
City	Troy
State	MI
Zip	48098
Credit to	Return Wires - First Mtge
Credit Account Number	1015500100090
Attention	Funding Department
Regarding	Reference Flagstar's loan number, borrower's name and reason for the return

COMPLIANCE

Flagstar requests that all of employees including underwriters, originators and processors be familiar with the impact and importance of these laws in their area of responsibility. Refer to *Compliance, Doc. #r4801* for details.