

Mortgage Payoff Steps

Congratulations! You're considering making a final payment to your mortgage so that you don't have that loan anymore. This is an important milestone and there are a few important steps to make sure you've covered all the bases. This guide was designed to ensure that it's easy for you to double check that when, you pay off your home mortgage, you don't have any financial or administrative surprises later down the road.

Step one: Initial Inquiry

Contact your lender and request a payoff quote. It might take a few days for the lender to process and generate the payoff amount. Be sure to ask the lender for information on their payoff procedures, including permitted methods of payment.

Step two: Arrange to make final payment (if necessary)

After contacting your lender to confirm appropriate payment options, you might need to move funds from your savings account to your checking account. You might fill out the paperwork to wire the money to your lender.

Step three: Confirm the account is closed

Call the lender to make sure the payment was received and applied to the payoff amount, instead of future payments. As an important part of that conversation, you'll want to confirm your mortgage account was marked paid in full and the account was closed.

Step four: Request close-out documentation

You'll want follow the lender's instructions to request a Release of Deed. It may also be called a Mortgage Release. This is your proof the mortgage has been paid off. The lender should also send your canceled promissory note which shows the loan has been closed. Request your home title from the mortgage company. Once you receive it, keep this record in a safe place like a fireproof safe. It is the proof that you own your home.

Step five: Make the proper notifications

Notify your homeowner's insurance company of your recent payoff and request to have the lender's name removed from the policy as an additional insured party. Take the Release of Deed to your local recorder of deeds office (usually this is the county clerk) for them to update the government's records. This makes official record of the fact that the lien is released.

Step six: Be sure you still pay for insurance and taxes

If you previously had an escrow account through your lender, that meant your payment used to include funds for insurance and taxes which your lender sent to pay those bills. You'll need to submit these payments on your own now.

Congratulations again! Owning your home "free and clear" is a staple in the pursuit of the American dream. If you have any further questions on any financial topic, please don't hesitate to reach out to us here at Manske Wealth Management. We're proud to be of service.

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