

## KNOW BEFORE YOU OWE: CLOSING TIME

# Deed of Trust / Mortgage

This document may be called the Security Instrument, Deed of Trust, or Mortgage. When you sign this document, you are giving the lender the right to take your property by foreclosure if you fail to pay your mortgage according to the terms you've agreed to. This document restates the basic information included in the Promissory Note, as well as explains your responsibilities and rights as a borrower. The mortgagee refers to the lender or the "recipient of the mortgage."

## Breaking down the Mortgage

**Section 6:** Note that if Section 6 states that you will occupy the property as your principal residence, then you must do so. If you do not move in and continue to use the property as your principal residence according to the conditions in this section, you could risk foreclosure.

**Section 21:** This states that you are not allowed to store hazardous materials in your home. If you do, you are violating the terms of your loan and your lender could foreclose.

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**6. Occupancy.** Borrower shall occupy, establish, and use the Property as Borrower's principal residence within 60 days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the

**21. Hazardous Substances.** As used in this Section 21: (a) "Hazardous Substances" are those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic

**22. Acceleration; Remedies.** Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under Section 18 unless Applicable Law provides

**Section 22:** This states that if you do not make your monthly mortgage payments on time, or if you do not abide by the other conditions of the loan (e.g. having current homeowners insurance), your lender can

declare your loan in default. If your loan is in default, your lender has a right to demand that you pay your entire loan off immediately. If you can't pay, the lender can start foreclosure proceedings.



Consumer Financial  
Protection Bureau

Learn more at [consumerfinance.gov/owning-a-home](https://consumerfinance.gov/owning-a-home)