SKYLINE
TITLE SUPPORT

Mortgage Payoff Letters

A complete guide to requesting, verifying, and closing on accurate payoff statements



IN THIS GUIDE

What you'll learn

- What a mortgage payoff letter actually is — and why it is a binding statement of the lien, not just the balance printed on a monthly statement.
- The rules that govern payoff statements: the federal seven-business-day requirement under Regulation Z, Florida's estoppel-letter statute, and how other states differ.
- How to read every line of a payoff — principal, accrued interest, per diem, escrow, fees, prepayment penalties, deferred balances — and how to recompute the figure for your own funding date.
- A step-by-step process for requesting payoffs early, from the right servicer, with the right authorization, so the letter arrives before it holds up the closing.
- How to verify a payoff letter is genuine and its wire instructions are real, because altered payoff statements are one of the most damaging fraud schemes aimed at closing tables.
- The special cases that trip up files: HELOCs that stay open after payoff, FHA partial-claim liens, reverse mortgages, loans in foreclosure or bankruptcy, servicing transfers, and private lenders.
- What must happen after closing — satisfactions, releases, escrow refunds — and what to do when a lender fails to release its lien, including Florida's title-insurer certificate of release.

INTRODUCTION

The document that closes the old loan

Every sale or refinance of a mortgaged property turns on a single piece of paper that the closing agent did not write, cannot change, and must rely upon completely: the payoff letter. It tells you exactly how much money will extinguish the lender's lien on a specific date, and it is the only authority you have for the largest disbursement on the settlement statement. Get it right and the old mortgage disappears cleanly. Get it wrong — by a day of interest, a missed fee, an unrequested second lien, or a wire sent to a fraudster's account — and the transaction you thought was closed is still encumbered.

Payoff letters look routine, and most of the time they are. That is exactly why they cause trouble. A closer handling forty files a month learns to skim the total, plug it into the settlement software, and move on. But the letter's total is only correct on the date the lender chose, for the loan number the lender printed, under the assumptions the lender made about when and how the money would arrive. Payoffs are where interest accrues by the day, where escrow balances and late charges hide, where a home-equity line can quietly stay open after the balance hits zero, and where a criminal with a fake letterhead can redirect several hundred thousand dollars with a single altered page.

This guide is written for title agents, real estate attorneys, closers, and lenders who need payoffs to be right the first time. It explains what a payoff statement is and what law requires it to contain, how to request one efficiently, how to read and recompute it, how to verify it before funding, and how to make sure the lien is actually released afterward. Florida receives particular attention because its estoppel-letter statute is unusually protective of the people who rely on payoff figures, but every chapter is written for a national audience. Where rules are jurisdiction-specific, you will see reminders to confirm with the servicer, the governing statute, the county recorder, or counsel.

A payoff letter is not a balance. It is a promise from the lender about what it will take to release its lien — and the closing lives or dies on whether that promise is complete, current, and real.

One idea runs through everything that follows: treat the payoff as a document to be verified, not a number to be transcribed. Verify the servicer, verify the loan, verify the math, verify the good-through date against the actual funding date, and verify the wire instructions with a human being at a phone number you already trusted before the letter arrived. None of those steps is difficult. Skipping any of them is how a routine file becomes a claim.

CHAPTER 1

What a Payoff Letter Is (and Isn't)

Before you can request, read, or rely on a payoff letter, you need a precise understanding of what it represents, who issues it, and how it differs from the other balance figures floating around a file.

A statement of what it takes to release the lien

A **payoff letter** — also called a payoff statement, payoff demand, or, in Florida and several other states, an **estoppel letter** — is a written statement from a mortgage lender or its servicer setting out the total amount required to pay a loan in full as of a specified date. It typically itemizes unpaid principal, interest accrued through that date, a per-diem interest figure for each day after it, and any fees or charges the lender contends are secured by the mortgage. Its purpose is transactional: the closing agent uses it to calculate the disbursement that will satisfy the debt so the lender must release its lien of record.

The word "estoppel" is the key to the document's legal character. When a lender issues a payoff statement and someone pays in reliance on it, the lender is generally estopped — barred — from later claiming that more was owed as a condition of releasing the mortgage. The strength of that protection varies by state, and Florida's statute makes it explicit, but the principle is the same everywhere: the payoff letter is the lender's binding representation, and the settlement agent is entitled to rely on it.

Why the monthly statement is not a payoff

The single most common misunderstanding is that the "current balance" on a borrower's monthly statement or online portal is the payoff. It is not. Mortgage interest is paid **in arrears**: the payment due on the first of the month covers interest that accrued during the previous month. A monthly statement therefore shows principal only, ignoring interest that has been accruing since the last payment, and it omits accrued late charges, unapplied funds, fees the lender will assess to release the lien, prepayment penalties, deferred or forborne principal, and any advances the lender made on the borrower's behalf. A payoff letter captures all of it, as of a date certain, with instructions for how to remit.

PAYOFF VS. REINSTATEMENT

A payoff figure retires the entire debt. A reinstatement figure, which appears on loans in default, is the smaller amount needed to bring the loan current so it continues. They are different numbers with different consequences. On a file where the seller's loan is delinquent, make sure you have requested and received a payoff, not a reinstatement quote.

Who issues the letter

The letter comes from whoever currently services the loan — the company that collects the payments and manages the account — which may or may not be the original lender named on the recorded mortgage. Loans are sold and servicing rights are transferred constantly. The mortgage recorded five years ago in the name of a local bank may now be serviced by a national servicer on behalf of a securitized trust. The payoff must come from the current servicer, and part of the closing agent's job (covered in Chapter 4) is confirming who that is. Skyline's mortgage payoff letter service exists for exactly this reason: identifying the right servicer, submitting a compliant request, and chasing the response so the closer can focus on the file.

The family of payoff documents

Not every lien is paid off with the same kind of letter, and the differences matter for what you request and what you must receive back.

- **Standard payoff statement.** A closed-end first or second mortgage. Shows principal, interest, per diem, fees, and remittance instructions with a good-through date.
- **HELOC payoff with close-out.** For a home equity line of credit, the payoff must be paired with a written, borrower-authorized instruction to close the line and release the lien. Paying a HELOC to zero without closing it leaves the mortgage of record and the credit line open. Chapter 7 covers this in detail.
- **Short payoff approval.** When sale proceeds will not cover the debt, the lender's approval letter sets the minimum net it will accept and the conditions of release. It is a negotiated document, not a statutory payoff.
- **Reinstatement quote.** The amount to cure a default, often issued by foreclosure counsel. Not a payoff.

- **Zero-balance or paid-in-full letter.** Confirmation after payment that the loan is satisfied. Useful evidence, but not a substitute for a recorded satisfaction or release.
- **Lien-holder demand.** Judgment creditors, tax authorities, associations, and municipalities issue their own payoff or estoppel documents under their own rules. Those are related but separate workflows; Skyline's association estoppel and municipal lien search services address them.

VERBAL PAYOFFS ARE NOT PAYOFFS

A figure quoted over the phone, read from a portal screen, or relayed by the borrower or the listing agent is not a payoff statement. It cannot be relied upon, it is not binding on the lender, and it should never be the basis for a disbursement. Written, dated, itemized, and received from the servicer through a verified channel — nothing less.

CHAPTER 2

The Rules That Govern Payoff Statements

Federal law sets a floor for how quickly and how accurately a servicer must respond to a payoff request on a consumer mortgage. State law — Florida's in particular — can add sharper teeth. Knowing both tells you what you are entitled to demand.

The federal baseline: Regulation Z

The Truth in Lending Act, as implemented by Regulation Z at 12 CFR §1026.36(c)(3), requires that in connection with a consumer credit transaction secured by a consumer's dwelling, the creditor, assignee, or servicer must provide "an accurate statement of the total outstanding balance that would be required to pay the consumer's obligation in full as of a specified date." The statement must be sent within a reasonable time, and in no case more than **seven business days**, after receiving a written request from the consumer or any person acting on the consumer's behalf.

Several details of that rule matter in practice:

- **Scope.** The rule applies to consumer credit secured by a dwelling, and the official commentary confirms it reaches home equity lines of credit as well as closed-end loans. It does not apply to commercial or business-purpose loans.
- **Who may request.** "A person acting on behalf of the consumer" expressly includes the consumer's representative and a creditor with which the consumer is refinancing. Title and settlement agents fit comfortably within that language, but the commentary also lets the servicer take reasonable measures to verify the requester's identity and obtain the consumer's authorization before the clock starts. That is why servicers demand a signed borrower authorization — and why sending one with the initial request saves days.
- **Reasonable request requirements.** A servicer may require that requests be sent to a specified address, email, fax, or portal. If you ignore its stated channel, a longer response time is considered reasonable. Use the channel the servicer publishes.
- **Exceptions.** When the loan is in bankruptcy or foreclosure, is a reverse mortgage or shared-appreciation mortgage, or a natural disaster or similar circumstance intervenes, the seven-day limit relaxes to "a reasonable time."

- **Accuracy.** The commentary is blunt: payoff statements "must be accurate when issued." Under Regulation X, failing to provide an accurate payoff balance is also a defined servicing error at 12 CFR §1024.35(b)(6), giving the borrower a formal error-resolution path.
- **Former holders.** A creditor or assignee that no longer owns the loan or the servicing rights has no duty to issue a statement. Requests must go to the current holder or servicer.

BUSINESS DAYS, NOT CALENDAR DAYS

Regulation Z's seven-day period counts business days. A request sent Friday afternoon does not become late the following Friday. Build that into your timeline, and remember that the clock does not begin until the servicer has received a request in its required form with any authorization it reasonably demands.

Florida's estoppel-letter statute

Florida goes considerably further in section 701.04, Florida Statutes, which was substantially rewritten effective October 1, 2023. For a closing agent working a Florida file, the statute is worth knowing nearly line by line.

Ten days to respond. Within 10 days after receiving a written request from the mortgagor, the record title owner, a fiduciary or trustee acting for the owner, or any other person lawfully authorized to act on their behalf, the mortgagee or mortgage servicer must send an estoppel letter. The statute also fixes when a request is "received": the day it is sent by email, fax, other electronic means, or the servicer's automated system; the day it is delivered by common carrier; or five business days after it is deposited in first-class mail. Deadlines landing on a weekend or legal holiday roll to the next business day.

Third-party requests. If someone other than the mortgagor makes the request, it must include a copy of the instrument showing that person's title in the property or other lawful authorization, and the servicer must notify the mortgagor of the request. In practice, attach the recorded deed or the borrower's signed authorization to every request.

Required contents. The letter must at a minimum state the unpaid balance as of the date specified, with an itemization of principal, interest, and every other charge making up the balance, plus per-day interest accruing after that date, if applicable.

No disclaimers. This is the provision that changed practice. Except where a lis pendens in a foreclosure action or a suggestion of bankruptcy has been properly filed and recorded, the mortgagee or servicer "may not qualify, reserve the right to change, or condition or disclaim the reliance of others on the information provided," and any attempt to do so is void and unenforceable. The boilerplate that once appeared on nearly every payoff — "the noteholder reserves the right to adjust these figures" — has no legal effect on a Florida estoppel letter.

Corrections and the 3 p.m. rule. A servicer that discovers an error may send a corrected letter by the same method used to respond to the original request (with a copy to the mortgagor if a third party requested it). The corrected letter supersedes prior letters only if the requester receives it by 3 p.m. in the requester's time zone at least one business day before a payment is issued in reliance on the earlier letter. If the correction arrives later than that, the servicer may not deny the accuracy of the original figures as against anyone who relied on them. The lender keeps whatever claim it has against the borrower personally for the shortfall, but it cannot hold the lien over the property or the closing agent.

Payments must be accepted. If payment is received at the location and in the manner the servicer specified, the servicer must accept it, may not return it, and must promptly apply it to the balance.

Sixty days to release. Within 60 days after the loan is fully paid or paid according to the estoppel letter, whichever is earlier, the mortgagee or servicer must execute a release, have it acknowledged, send it for recording in the proper county, and send the recorded release to the mortgagor or record title owner. The prevailing party in a civil action to enforce that duty recovers attorney's fees and costs. The same 60-day rule applies to satisfactions of other liens and judgments once they are paid.

PRO TIP

Keep a dated record of exactly when and how you sent every Florida payoff request and exactly when the letter arrived. The statute's deadlines, its 3 p.m. correction cutoff, and its reliance protections all turn on timestamps. An email log or portal confirmation is your evidence if a servicer later claims a shortfall.

Federal and Florida side by side

ISSUE	REGULATION Z §1026.36(C)(3)	FLORIDA §701.04
Loans covered	Consumer credit secured by a dwelling, including HELOCs	Any loan secured by a mortgage on Florida real property
Who may request	Consumer or person acting on consumer's behalf	Mortgagor, record title owner, fiduciary/trustee, or other lawfully authorized person (with proof of title or authorization)
Response deadline	Reasonable time, not more than 7 business days	10 days after receipt, with statutory receipt rules
Required content	Accurate total balance to pay in full as of a specified date	Itemized principal, interest, other charges; per-day interest
Disclaimers	Statement must be accurate when issued	Qualifications and reservations are void; narrow correction window
Release after payment	Not addressed here	Recorded release within 60 days; fee-shifting for enforcement

Other states, other rules

Florida is not alone in regulating payoff statements, but the details differ. Wisconsin, Texas, and North Carolina have statutes addressing the reliability of payoff figures, and a handful of states have adopted versions of the Uniform Residential Mortgage Satisfaction Act, which sets its own deadlines for payoff statements and for recording satisfactions, with statutory damages for noncompliance. Many states impose a deadline — commonly somewhere between 30 and 90 days — for a lender to record a satisfaction after payoff, often with penalties. Some allow a title insurer or attorney to record a release on the lender's behalf if it fails to act. Because the specifics change and the consequences of getting them wrong are real, treat the deadline and remedy for any non-Florida file as

something to confirm against the current statute or with local counsel, not something to assume.

Loans outside the consumer rules

Commercial and business-purpose loans fall outside Regulation Z's payoff provision, and their notes often contain prepayment terms — yield maintenance, defeasance, lockout periods, step-down penalties — that dwarf ordinary fees. Private and seller-financed loans are frequently held by individuals with no servicing department at all. Florida's section 701.04 still reaches any "mortgagee or mortgage servicer," which brings private lenders within the 10-day and 60-day duties, but the practical challenge is getting a private lender to respond at all. Chapter 7 addresses those situations.

CHAPTER 3

Anatomy of a Payoff Letter

A payoff letter is a short document with a lot of moving parts. Reading it line by line — and recomputing it for your actual funding date — is the core skill of payoff handling.

The identifying block

Before the numbers, check the identifiers. The letter should show the borrower name(s), the loan number, the property address, the date the letter was prepared, the date the figures are calculated through (the **good-through date**), and the name of the servicer with its remittance instructions. Every one of these must match the file. A letter for the wrong loan number, a co-borrower name that does not appear in title, or a property address that differs from the legal description you are insuring is a red flag — either a servicer error or, as Chapter 5 explains, something worse.

The line items

Payoff formats vary by servicer, but the components are consistent. Read each one for what it means and whether it belongs.

- **Unpaid principal balance.** The principal remaining after the last applied payment. Confirm the last payment was applied; a payment in transit or sitting in suspense changes the figure.
- **Accrued interest.** Interest from the last paid-through date to the good-through date. Because interest is paid in arrears, this will usually cover most of a month or more even on a loan that is current.
- **Per diem.** The daily interest to add for each day beyond the good-through date. On most residential loans it equals the unpaid principal multiplied by the note rate and divided by 365, though some notes (and many commercial loans) use a 360-day year. The letter should state the figure; verify it against the rate and principal.
- **Escrow balance.** Funds held for taxes and insurance. Some servicers net a positive escrow balance against the payoff; most refund it separately after the loan is paid.

Regulation X requires a servicer to return remaining escrow funds within 20 days (excluding weekends and legal holidays) of payment in full, and permits netting. Know which approach the letter takes so you do not double count.

- **Late charges and accrued fees.** Unpaid late charges, NSF fees, and similar charges the servicer contends are secured by the mortgage.
- **Corporate advances and recoverable costs.** Amounts the servicer paid on the borrower's behalf — property inspections, forced-placed insurance, attorney's fees on a defaulted loan. These can be large and are worth questioning if the loan has been current.
- **Release, reconveyance, and recording fees.** The lender's charge to prepare and record the satisfaction. Reasonable in most states; confirm the recording fee against the county's actual schedule.
- **Prepayment penalty.** Rare on conforming residential loans, common on commercial and some non-QM or investor loans. If the note has one, the payoff should show it — and if the letter omits a penalty the note plainly requires, ask, because a corrected letter later is far worse than a question now.
- **Deferred, forborne, or partial-claim balances.** Loans modified during a hardship often carry a non-interest-bearing deferred balance due at payoff. FHA partial claims are secured by a separate subordinate mortgage in favor of HUD, which needs its own payoff. Chapter 7 covers this trap.
- **Unapplied or suspense funds.** Money received but not yet applied. A credit that should reduce the payoff — but confirm rather than assume.
- **Credits.** Occasionally a letter shows an interest credit or a pending payment reversal. Understand each credit before relying on it.

Recomputing for your funding date

The good-through date on the letter is almost never the date your wire will actually land. Recompute. Start with the total on the letter, count the days from the day after the good-through date to the date the servicer will receive good funds, multiply by the per diem, and add the result. If your funding date falls before the good-through date, do not subtract per diem unless the servicer's instructions expressly allow it; many will simply refund the overage. When in doubt, ask for a letter with a good-through date on or shortly after your expected funding date.

ILLUSTRATIVE WORKSHEET	AMOUNT
Total on letter, good through the 15th	$312,480.10
Per diem stated on letter	$54.85
Funds will arrive the 19th (4 days after good-through)	4 × $54.85 = $219.40
Adjusted payoff to wire	$312,699.50
Optional cushion for a one-day delay	+ $54.85

The numbers above are a made-up example to show the method, not a benchmark. The point is the habit: never wire the letter's face amount without first matching it to the day the money will actually be credited.

PRO TIP

Count weekends and holidays as accrual days — interest does not stop on Saturday — but do not count them as funding days. A wire released Friday after the servicer's cutoff is often credited Monday, which means three additional days of per diem. Fridays and the days before holidays are where payoff shortfalls are born.

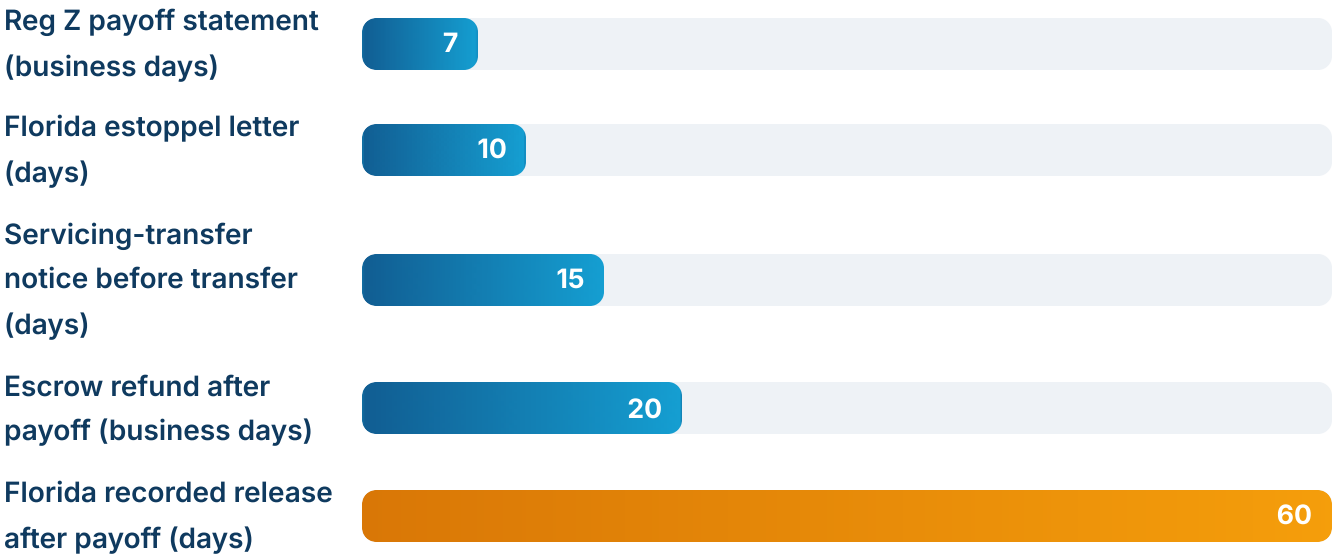
The FHA end-of-month wrinkle

For decades, FHA-insured loans allowed the servicer to charge interest through the end of the month regardless of the day the payoff was received, so a loan paid on the 3rd cost the borrower 27 extra days of interest. HUD eliminated that practice for FHA loans closed on or after January 21, 2015; on those loans, interest may be charged only through the date of payment. Older FHA loans may still carry end-of-month interest. If you see a payoff on an FHA loan originated before 2015 that runs interest to the last day of the month, that is likely correct, and the borrower should be told early so the closing date can be planned around it. Confirm the treatment with the servicer.

Good-through dates and expiration

A payoff letter is not valid indefinitely. Many servicers issue letters good for about thirty days; some run to the end of the month; some expire sooner if a payment cycle intervenes. Letters also become stale when a scheduled payment posts, an escrow disbursement goes out, or a late charge accrues. If your closing slips past the good-through date, request an updated letter rather than extending per diem indefinitely. And remember that a Florida corrected letter received after the statutory cutoff does not bind the requester — but a letter that has simply expired offers no protection at all.

STATUTORY CLOCKS AT A GLANCE



These are the maximums the rules allow, not typical performance. Well-run servicers respond in a day or two through their portals. The clocks matter when a servicer does not.

CHAPTER 4

Requesting the Payoff

The fastest closings are the ones where the payoff was ordered the day the file opened, from the right servicer, with the authorization the servicer needs already attached. This chapter lays out that process.

Start at file opening, not the week of closing

Order payoffs as soon as the title search identifies the open mortgages. The search is what tells you how many liens exist, in whose favor, and in what priority; the payoffs are how you clear them. Skyline's title search and payoff letter services are designed to run together for that reason. Ordering early costs nothing — a letter can always be refreshed — and it surfaces the problems that take weeks to solve: a servicer that no longer exists, a second mortgage the seller forgot, an open HELOC, a private lender who has moved.

Identify the current servicer

The recorded mortgage names the original lender, and any recorded assignments show transfers of the mortgage itself, but neither reliably identifies today's servicer. Use several sources:

- **The borrower's most recent statement or coupon.** The fastest source, though borrowers sometimes bring an old servicer's paperwork after a transfer.
- **Recorded assignments and the MERS system.** If the mortgage was registered with Mortgage Electronic Registration Systems, the MERS ServicerID lookup can identify the current servicer by the 18-digit Mortgage Identification Number on the recorded document.
- **Servicing-transfer notices.** Under Regulation X, the old servicer must notify the borrower at least 15 days before a transfer and the new servicer within 15 days after. If the borrower has received one, the loan is in transition and payoff timing needs extra care (see Chapter 7).
- **The lender's successor.** When the original lender failed, merged, or was acquired, the successor institution or, for failed banks, the FDIC as receiver, may hold the loan or know

who does.

Get the authorization right

Federal privacy law and servicer policy require the borrower's consent before a servicer will release account information to a third party. Florida's statute additionally requires a third-party requester to attach proof of title or other lawful authorization, and requires the servicer to notify the mortgagor. A complete request therefore includes a borrower authorization signed by every borrower on the loan (not just every owner on the deed — they are sometimes different people), or the recorded deed showing the requester's client in title, or both. Where the owner is an estate, a trust, or an entity, include the letters of administration, the trustee certification, or the corporate authorization that shows your signer's authority. Sending authorization with the initial request avoids the most common reason a payoff is delayed: the servicer's letter back asking for it.

What the request should contain

A servicer can only give you what you ask for. A thorough request states: the borrower names as they appear on the loan; the loan number; the property address; the purpose (sale or refinance) and expected closing date; the good-through date you want, ideally a few days past the closing date; the requester's name, company, phone, and email; the delivery method you want (email, fax, or portal); and, for a HELOC, an explicit instruction to close the line and release the lien upon payoff. Ask the servicer to include the per diem, the escrow treatment, any prepayment penalty, and any deferred or partial-claim balance. If the loan is an FHA loan originated before 2015, ask whether end-of-month interest applies.

1. **Open the file and search title**

   Identify every open mortgage, HELOC, modification, and subordinate lien of record. Note the original lender and any assignments.

2. **Confirm the current servicer**

   Borrower statement, MERS lookup, transfer notices, successor institution. Record the servicer's published payoff channel and phone number from an independent source.

3 **Send a complete, authorized request**

Borrower authorization and proof of title attached, all loan identifiers, purpose, desired good-through date, HELOC close-out instruction if applicable. Log the date, time, and method.

4 **Track the clock and follow up**

Diary the seven-business-day federal deadline (ten days in Florida). Escalate on the day after it passes, in writing, citing the rule.

5 **Verify and reconcile the letter**

Chapter 5: match identifiers to the file, recompute for the funding date, reconcile to the title commitment, verify wire instructions independently.

6 **Refresh before closing**

If the closing date moves, a payment posts, or the letter approaches expiration, request an updated letter. Never fund on a stale one.

Use the servicer's channel

Most national servicers have a portal or a dedicated payoff fax and email address, and many have automated systems that issue letters in minutes to authorized requesters. Regulation Z lets a servicer insist on its stated channel, so a request sent to a general customer-service address may not start the clock. Find the servicer's published payoff instructions on its own website or by calling a phone number you obtained independently, not from any document you received by email. This is a fraud control as much as an efficiency one: a request sent through a verified channel returns a letter through a verified channel.

Following up without wasting days

Diary the deadline the day you send the request. If nothing arrives, follow up in writing the day after the deadline, referencing the original request date, the loan number, and the applicable rule. Servicers respond to specifics. If the loan is in foreclosure, direct the request to the servicer's foreclosure counsel as well, since the payoff will need to include legal fees and costs that only counsel can quote. If the loan is in bankruptcy, coordinate

with the debtor's bankruptcy counsel — a payoff may require trustee or court involvement, and the automatic stay affects how and when the lien can be paid.

THE FORGOTTEN SECOND LIEN

Sellers routinely forget a HELOC they opened years ago and never drew on, a solar loan secured by a recorded lien, a modification that created a HUD partial-claim mortgage, or a second mortgage from a down-payment assistance program. None of these will appear in the seller's mental list of "the mortgage." All of them appear in a proper title search. Request a payoff for every lien the search shows, not every lien the seller remembers.

CHAPTER 5

Verifying the Letter and Its Wire Instructions

A payoff letter must be checked twice: once for whether the numbers are right, and once for whether the document itself is real. The second check is the one that protects the escrow account.

Reconcile to the file

Lay the letter next to the title commitment and the loan documents. The borrower names should match the mortgagors on the recorded mortgage (marital status and name changes aside). The loan number should match the borrower's statement. The property address should match the address in the file, and if the servicer's letter shows a legal description or parcel number, it should match the commitment. The original loan amount, if shown, should be consistent with the recorded mortgage — a payoff balance greater than the original principal on a fully amortizing loan is a signal that fees, advances, or a negative-amortization feature need explanation.

Then reconcile the count. The commitment shows every mortgage of record; the file should hold a payoff for each, or a recorded satisfaction proving it is already gone. Two mortgages of record and one payoff is an open item, not a closing.

Check the math

Recompute the per diem from the principal and rate. Confirm the accrued interest covers the right period. Add up the itemized components and compare to the total. Check the good-through date against the funding date and adjust as described in Chapter 3. Question anything that does not belong: a prepayment penalty on a loan whose note has none, a large corporate advance on a loan that has always been current, a recording fee out of line with the county schedule. Servicers make errors, and in most states a payoff error becomes the borrower's problem or yours after funding, so the time to raise it is before.

WHEN THE PAYOFF EXCEEDS THE PROCEEDS

If the reconciled payoffs plus closing costs exceed the sale price, you have a short sale, not a closing. Stop and involve the seller, the lender's loss-mitigation department, and, where appropriate, counsel. A short payoff requires the lender's written approval of the net it will accept and the terms on which it will release the lien, and that approval letter becomes the operative payoff document.

Payoff fraud: how it works

Payoff letters have become a preferred instrument of wire fraud. In 2021 the U.S. Secret Service issued an advisory, circulated by the American Land Title Association, warning of a sharp rise in schemes in which criminals impersonate lenders and send fictitious or altered mortgage payoff statements to title companies. The mechanics are simple. The criminal compromises an email account somewhere in the transaction — a real estate agent, a borrower, a lender employee, the title company itself — watches for the payoff, and then delivers a letter that is perfect in every respect except the wire instructions. Sometimes it arrives as a "corrected" or "updated" payoff a day before closing. Sometimes it is the very first letter the closer sees, sent before the genuine one. Because the document looks exactly like a real payoff, and because closers are trained to fund payoffs quickly, the wire goes out, and the money is gone within hours.

A related version targets the request side: the criminal spoofs the title company and sends the servicer a fraudulent request so that the real payoff is delivered to the criminal, who then alters it. Either way, the closing agent ends up holding a document whose only false element is the account number.

Verification that actually works

The Secret Service advisory recommended that settlement agents independently obtain payoff statements and confirm them with verified, trusted sources; independently verify the authenticity of information in correspondence; not rely on third parties such as the mortgagor for the information; restrict wire transfers to known and previously verified accounts; pay by check when information cannot be independently verified; and maintain a detailed incident-response plan. Translated into daily procedure:

- **Verify every set of payoff wire instructions by phone** with the servicer at a number obtained independently — from the servicer's own website, the borrower's statement, or a number already in your verified-vendor file — never from the payoff letter or the email that delivered it.
- **Treat "updated" instructions as presumptively fraudulent.** Servicers rarely change payoff accounts, and never by an unsolicited email the day before closing. Any change must be verified from scratch through the independent number.
- **Compare to prior verified payoffs** to the same servicer. A large servicer's payoff account should match the one you used last month. A different bank, a different beneficiary name, or a personal-sounding account name is a stop sign.
- **Look for the tells.** Mismatched or altered fonts in the wire block, a beneficiary bank that is not the servicer's known bank, a "further credit to" line naming an individual, urgency, instructions to reply only by email, and a sender domain that differs from the servicer's by a character.
- **Use a second person.** Require a second employee to independently confirm wire instructions above a threshold before release, and document who called whom, at what number, and when.
- **Use verification tools where available.** Several industry services maintain verified payoff and wire databases; underwriters also publish guidance. These supplement a phone call; they do not replace it.
- **When it cannot be verified, do not wire.** A check sent by trackable overnight delivery to the servicer's published payoff address costs a day of per diem. A misdirected wire costs the payoff.

THE EMAIL THAT DELIVERED THE LETTER IS NOT THE VERIFICATION

Replying to the email, calling the number printed on the letter, or accepting a "confirmation" from the same thread proves nothing, because the criminal controls all of them. Verification is only verification when it runs through a channel the fraudster could not have touched.

If a payoff wire has gone wrong

Speed is everything. Contact your bank immediately to request a recall and a hold on the receiving account, notify the receiving bank's fraud department, file a complaint with the FBI's Internet Crime Complaint Center, notify your underwriter and your errors-and-omissions carrier under their reporting requirements, and notify the parties. Preserve every email with full headers. ALTA publishes a rapid-response plan for wire fraud incidents that is worth having printed before you need it. Skyline's companion guide to wire fraud defense covers the incident-response side in depth.

CHAPTER 6

Funding the Payoff at Closing

Once the letter is verified and recomputed, the payoff becomes a disbursement. The mechanics of when and how the money moves determine whether the lien is released cleanly.

Placing the payoff on the settlement statement

On a sale, the payoff is a seller debit and a disbursement from the seller's proceeds; on a refinance, it is the principal use of the new loan's funds. The figure on the statement should be the recomputed amount for the actual funding date, not the letter's face amount, and the supporting letter should be in the file with the calculation shown. If the servicer nets escrow, show the net; if it refunds escrow separately, show the gross payoff and tell the borrower to expect the refund. Where there are multiple liens, each is its own line, in priority order.

Wire or check

Wires are standard because they deliver same-day good funds and stop the per diem. But wires are also irrevocable, which is why the verification steps in Chapter 5 matter. A check by overnight courier is slower, adds a day or more of interest, and is the right choice when the wire instructions cannot be independently verified or when the servicer's instructions specify a check. Whatever the method, remit exactly as the letter directs — to the payoff address, not the payment address, with the loan number and borrower name referenced — because a payment sent to the wrong lockbox may be treated as a regular payment or returned. Florida's statute obligates a servicer to accept a payment received at the location and in the manner it specified; a payment sent elsewhere loses that protection.

Cutoffs, weekends, and holidays

Every servicer has a daily cutoff after which a wire is credited the next business day, and every bank has its own outgoing-wire deadline. A closing that signs at 3 p.m. on Friday and funds after those cutoffs will not credit until Monday or, over a holiday weekend, Tuesday. Plan the per diem accordingly, tell the seller why, and where possible fund early in the day.

Month-end closings compound the problem: a payment is often due on the first, and a wire that lands on the second may find the servicer has assessed interest for the new period or applied part of the payoff as a regular payment. Refresh the letter for month-end closings.

Shortages and overages

If the amount remitted is less than the amount due when funds arrive, most servicers will apply what they received and issue a demand for the shortfall, and some will hold the release until it is paid. Under Florida law a servicer may not return a payment made in reliance on an estoppel letter and must apply it, and where the shortfall resulted from the servicer's own error in the letter, the servicer cannot deny the accuracy of its figures against the person who relied on them. Elsewhere, the closing agent is usually expected to cover the shortfall and pursue the seller. Either way, resolve shortfalls the same day; a lien held open for a $60 per-diem miss is an expensive mistake. Overages are refunded by the servicer to the borrower, sometimes weeks later. Small overages are cheaper than shortfalls, and a modest cushion is standard practice on long-distance or end-of-week funding.

PRO TIP

Keep the outgoing wire confirmation — with the Federal Reserve reference number, amount, date, and beneficiary — in the file, and send a copy to the servicer's payoff department the same day with the loan number. That single email is the evidence that starts the release clock and resolves nearly every "we never received it" dispute.

Confirming receipt

A wire confirmation proves you sent the money; it does not prove the servicer applied it. Within a few business days, confirm with the servicer that the loan shows paid in full, and request a paid-in-full or zero-balance letter for the file. On HELOCs, confirm the line is closed. If the servicer reports a shortfall, resolve it immediately. Only then diary the file for the recorded satisfaction, which is Chapter 8's subject.

Priority and order of payoff

When multiple liens are paid, pay them in the order the title commitment shows and make sure each satisfaction will be recorded; the order of payment does not affect priority, but the order of release affects what the new lender's policy insures. On a refinance, the new lender expects to be in first position, which requires every prior mortgage to be paid and released, not just the first. On a sale with a purchase-money mortgage, the same is true. Junior liens that are being subordinated rather than paid need a recorded subordination agreement, not a payoff — a different document with its own lead time.

Same-lender refinances and principal reductions

When the borrower refinances with the same lender or the same servicer, the lender may handle the payoff internally as a principal reduction or an internal transfer, and may credit the old escrow account to the new one with the borrower's agreement, as Regulation X permits. That is convenient, but the closing agent still needs a payoff letter for the old loan, still needs to show the payoff on the settlement statement, and still needs a satisfaction of the old mortgage recorded. "Internal" does not mean invisible.

CHAPTER 7

Special Situations

Most payoffs are ordinary. The ones that generate claims are not. This chapter walks through the loan types and circumstances that require a different request, a different document, or a different timeline.

Home equity lines of credit

A HELOC is an open-end loan: the borrower can draw, repay, and draw again up to the credit limit for the life of the draw period. Paying the balance to zero does not end the loan or release the recorded mortgage; the line stays open and the borrower can draw the next day. Closing agents have insured "first" mortgages that turned out to be second to a HELOC the seller drew on after closing. To close a HELOC you need three things: a payoff letter, a written request signed by the borrower(s) to close the account and release the lien upon payoff, and the servicer's confirmation that the line is closed. Some servicers require the borrower's request on their own form; some accept a signed letter; some require the request to accompany the payoff funds. Ask what the servicer requires when you order the payoff, and do not accept "the line will close automatically when it is paid." It will not.

Two more HELOC cautions. First, ask the servicer to freeze the line as of the payoff-request date so the balance cannot increase between the letter and the closing; if it will not, obtain a fresh letter the day of funding. Second, because the recorded HELOC mortgage usually secures the maximum credit limit rather than the current draw, a small balance on the letter does not mean a small lien of record.

ZERO BALANCE, OPEN LIEN

A HELOC with a $0 balance is still a mortgage of record, and the borrower still has an open credit line against the property. Treat every HELOC on the commitment as a lien to be closed and released, whether or not the seller says "there's nothing on it."

FHA partial claims and other subordinate government liens

When an FHA borrower falls behind and the loan is brought current through a partial claim, HUD advances the arrearage and takes back a separate, subordinate, non-interest-bearing mortgage recorded against the property. The first-mortgage payoff will not include it. HUD's partial-claim lien must be paid off separately, through HUD's servicing contractor, with its own request and its own timeline — and that timeline can be considerably longer than a conventional payoff. The same pattern appears with some VA and USDA workouts, with state and local down-payment-assistance and rehabilitation loans, and with COVID-era deferral programs that created recorded subordinate liens. The title search reveals them; the seller usually does not remember them. Order those payoffs the day the search comes back.

Reverse mortgages

A reverse mortgage — most commonly an FHA-insured Home Equity Conversion Mortgage — accrues interest and mortgage insurance premiums on a growing balance with no monthly payments, and it becomes due and payable when the last borrower (or an eligible non-borrowing spouse) dies, sells, or permanently leaves the home. Payoffs on reverse mortgages are expressly excepted from Regulation Z's seven-business-day deadline and can take longer. The balance often approaches or exceeds the property's value. Because a HECM is non-recourse, when the loan comes due after the borrower's death the heirs may generally satisfy it by paying the lesser of the loan balance or 95 percent of the home's current appraised value, using an appraisal the servicer obtains; the estate is not liable for any deficiency. Timelines after a due-and-payable notice are short and extensions are discretionary, so files involving a reverse mortgage in a decedent's estate should start the payoff conversation with the servicer immediately and confirm current HUD guidance with the servicer and counsel.

Loans in foreclosure or bankruptcy

When a foreclosure has been filed, the payoff will include attorney's fees, court costs, title and inspection charges, and often accelerated interest, and it typically must come from or be approved by foreclosure counsel. Florida's ban on qualifications and disclaimers does not apply where a foreclosure lis pendens has been recorded, so the figures may legitimately carry reservations and change. Request the payoff from both the servicer and counsel, get it as close to funding as possible, and expect a reinstatement quote to be offered alongside it; make sure you fund the payoff. If a foreclosure sale date is set, the

payoff must land before it. In bankruptcy, the automatic stay governs; the debtor's counsel, and in Chapter 13 cases the trustee, must be involved, court approval of the sale may be required, and the payoff may need to reflect arrearages being paid through the plan. Confirm procedure with bankruptcy counsel before funding anything.

Servicing transfers

If the loan is being transferred between servicers around the closing date, the payoff can fall into the gap. Regulation X requires notice to the borrower at least 15 days before the transfer, and during the 60 days after the transfer a payment sent to the old servicer on time cannot be treated as late — but that protection concerns regular payments, and a payoff wired to a servicer that no longer holds the loan may sit unapplied for weeks. Ask both servicers which one will accept the payoff on your funding date, obtain the letter from that one, and verify its wire instructions independently. If the transfer date is within a few days of closing, consider moving the closing.

Private and seller-financed loans

A loan held by an individual, a family trust, or a small investor has no payoff department. Florida's 10-day estoppel duty still applies to them as mortgagees, but enforcement is impractical on a closing timeline, so the practical approach is cooperative and documentary. Locate the holder through the recorded mortgage and any assignments, the seller, and public records. Obtain a signed, dated, and ideally notarized payoff letter itemizing principal, interest, per diem, and fees. Confirm the holder still holds the note — private notes are sold and pledged — and if the original note and mortgage can be produced, ask that they be delivered at closing marked paid. Most importantly, have the satisfaction of mortgage executed and notarized before or at closing and held in escrow, to be recorded upon disbursement, rather than trusting a private lender to record it later. Verify identity carefully: an individual who claims to hold a mortgage and asks for payoff funds to a personal account is exactly the profile of a fraud.

Where the private lender has died, the payoff and satisfaction must come from the personal representative of the estate or the successor trustee, with the documents establishing that authority. Where the lender is an entity that has dissolved, counsel may be needed to establish who can release the lien. Where the note has been lost, the holder's lost-note affidavit and indemnity will be required, and the underwriter should be consulted.

Assumptions and wraparounds

When the buyer is assuming the seller's loan rather than paying it off, the document you need is the lender's assumption approval and an estoppel confirming the balance, the current status, and the absence of defaults — not a payoff. Wraparound and "subject to" arrangements, in which an underlying loan remains in place, are high-risk for the closing agent and the underwriter and require counsel's involvement and a careful understanding of the underlying note's due-on-sale clause. A payoff letter on the underlying loan is still worth obtaining, because it documents the balance the buyer is really taking on.

Commercial loans

Commercial payoffs are governed by the loan documents rather than consumer regulation. Expect prepayment terms that need to be calculated by the lender — yield maintenance, defeasance for securitized loans, exit fees — and expect the lender to require notice periods measured in weeks. Order early, read the note's prepayment section yourself, and compare the lender's calculation against it. Where the borrower entity has granted a UCC security interest in fixtures or rents alongside the mortgage, a UCC termination is part of the payoff package; Skyline's UCC search service identifies those filings.

LOAN TYPE	WHAT TO REQUEST	WHAT TO WATCH
Closed-end first or second mortgage	Payoff letter with good-through date past closing	Per diem, escrow treatment, fees, expiration
HELOC	Payoff plus borrower-signed close-out and lien-release request; freeze	Line stays open after $0 balance; lien secures credit limit
FHA loan with partial claim	First-mortgage payoff and separate HUD partial-claim payoff	Longer turnaround; subordinate lien easily missed
Reverse mortgage (HECM)	Payoff from servicer; appraisal-based 95% option if borrower deceased	Not subject to 7-day rule; short due-and-payable timelines
Loan in foreclosure	Payoff from servicer and foreclosure counsel	Fees and costs; Florida no-disclaimer rule does not apply; sale date
Private or seller-financed	Signed, notarized payoff; executed satisfaction held in escrow	Verify holder and identity; lost notes; deceased lenders
Commercial	Payoff per loan documents; UCC terminations	Yield maintenance/defeasance; notice periods

CHAPTER 8

After Closing: Satisfactions, Releases, and Follow-Up

The payoff is not finished when the wire lands. It is finished when a satisfaction or release is recorded and the lien is gone from the public record. Post-closing tracking is where many offices lose the thread.

What the lender must do

Once the loan is paid, the mortgagee must execute a satisfaction or release of mortgage, have it acknowledged, and record it in the county where the property lies. In Florida, section 701.04 requires that within 60 days after full payment — or payment in accordance with the estoppel letter, whichever is earlier — the mortgagee or servicer execute the release, send it for recording, and send the recorded release to the mortgagor or record title owner, with attorney's fees available to the prevailing party in an action to enforce that duty. Other states set their own deadlines, commonly between 30 and 90 days, with a range of penalties; some states adopting the Uniform Residential Mortgage Satisfaction Act provide statutory damages for failure to record. Separately, Regulation X requires the servicer to refund any remaining escrow balance to the borrower within 20 days (excluding weekends and legal holidays) of payment in full. Confirm the deadline and remedy for any non-Florida property against the current statute.

Tracking the release

Diary every payoff for a recorded-satisfaction check at roughly 45 and 75 days. Check the county's official records index by borrower name and by the mortgage's recording information. Where the satisfaction has not appeared, contact the servicer's lien-release department in writing with the loan number, the payoff date, the wire reference, and a copy of the paid-in-full letter, and cite the applicable statute and its deadline. Most delayed satisfactions are resolved by a single well-documented letter. Note that a release that has been executed but never recorded does nothing for title; insist on the recording information.

Track HELOC close-outs the same way, and additionally obtain written confirmation that the account is closed. Track private-lender satisfactions you held in escrow by confirming your own recording. Track subordinate government liens — partial claims, down-payment assistance loans — separately, because their releases come from different offices on different schedules.

When the lender does not release

Lenders fail to record satisfactions for mundane reasons: servicing transfers mid-process, a shortfall the servicer never communicated, a lost-note issue, a defunct lender with no one left to sign. The remedies escalate in this order:

- **Written demand** to the servicer's lien-release department, citing the statute and deadline and enclosing proof of payment.
- **Regulatory pressure** where appropriate: a notice of error under Regulation X for a consumer loan, or a complaint to the state regulator or the CFPB.
- **Underwriter involvement.** Title underwriters have lien-release desks and lender relationships, and they have a direct interest in clearing the exception.
- **Statutory self-help** where the state allows it, such as a title-insurer certificate of release.
- **Litigation** to compel the release and recover fees, or a quiet-title action where the lender cannot be found.

Florida's certificate of release

Florida gives title insurers a powerful tool in section 701.041. If a satisfaction has not been recorded after payment in full was made in accordance with an estoppel letter, an officer of a title insurer, or an agent the insurer has appointed by a recorded instrument, may execute and record a certificate of release on behalf of the mortgagor or the mortgagor's successor in title. The certificate must be sworn before a notary and must identify the mortgage and any assignments, state that the mortgage is eligible for release under the statute, identify the insurer and the signer's authority, state that an estoppel letter was obtained and that payment in full was made in accordance with it, and state that a copy was sent to the mortgagee or servicer. Once recorded, the certificate operates as a release of the mortgage, and the recorder must rely on it. Two limits matter: the statute applies only to

mortgages securing loans of $500,000 or less as shown on the recorded mortgage, and it does not apply to a mortgage that discloses of record that it secures an open-end or revolving line of credit. The insurer and agent are liable to the lienholder for actual damages if a certificate is recorded improperly, but not where payment was in fact made per the estoppel letter — which is one more reason to keep the letter, the wire confirmation, and the transmittal in the file. Several other states have comparable provisions; confirm the mechanism and its limits with your underwriter.

PRO TIP

Every certificate of release, every demand letter, and every dispute over a shortfall comes down to the same three documents: the estoppel letter you relied on, proof of exactly what you paid and when, and proof of how you transmitted it. Scan all three into the file the day of closing. Nothing you do later is as valuable as that.

Closing the loop with the borrower

Tell the seller or refinancing borrower what to expect: a paid-in-full letter, an escrow refund within the regulatory window, the recorded satisfaction by mail, and a cancelled note if the lender returns one. Advise them to keep those documents permanently; a decade from now, when they sell again, a missing satisfaction on a long-defunct lender is far easier to cure with the paid-in-full letter in hand. And confirm their homeowner's insurance and tax bills will no longer be paid through the old escrow, since a lapse in either is the most common post-payoff surprise.

A repeatable payoff workflow

Pulling the chapters together, a payoff workflow that holds up under volume looks like this:

1. **Search title and list every lien**

   Mortgages, HELOCs, modifications, partial claims, assistance loans, judgments. Match the seller's list to the record, not the reverse.

2 **Request every payoff at file opening**

Authorization and proof of title attached; correct servicer; servicer's published channel; HELOC close-out instruction; log the send.

3 **Diary and chase**

Seven business days federally, ten days in Florida. Escalate in writing the day after.

4 **Verify twice**

Reconcile identifiers and math to the file; recompute for the funding date; verify wire instructions by phone at an independently sourced number with a second person.

5 **Fund exactly as directed**

Correct address, correct method, loan number referenced, before cutoffs, with a cushion for the calendar. Send the wire confirmation to the servicer the same day.

6 **Confirm application**

Paid-in-full letter, HELOC closed, shortfalls resolved immediately.

7 **Track the release to record**

Check at 45 and 75 days; demand in writing; escalate to underwriter and statutory remedies; close the file only on recording information.

Offices that outsource the request-and-chase portion — steps two and three — typically do so because those steps consume the most staff time for the least judgment. Skyline's payoff letter service handles servicer identification, compliant requests, and follow-up nationally, returning the letter to the closer for the verification and funding steps that must stay in the office.

REFERENCE

Glossary

TERM	MEANING
Payoff letter / payoff statement	A written statement from a lender or servicer of the total amount required to pay a loan in full as of a specified date, with per-diem interest and remittance instructions.
Estoppel letter	Florida's statutory term for a payoff statement; so called because the lender is estopped from denying the figures against anyone who relies on them.
Good-through date	The date through which the payoff figures are calculated. Interest accrues at the per-diem rate for each day after it.
Per diem	The daily interest amount, generally unpaid principal times the note rate divided by 365 (or 360 under some notes).
Interest in arrears	The convention under which a monthly mortgage payment covers interest for the month just ended, so accrued interest is always owed beyond the stated principal.
Servicer	The company that collects payments and administers the loan, which may differ from the original lender and from the owner of the note.
MERS	Mortgage Electronic Registration Systems, a registry that tracks servicing and ownership of many mortgages; its ServicerID lookup identifies the current servicer by MIN.
Reinstatement	The amount required to cure a default and bring a loan current, as distinct from paying it off.
Short payoff	A lender's agreement to release its lien for less than the full balance, documented by an approval letter that sets the required net proceeds.
HELOC close-out	The borrower-signed instruction, required in addition to payoff, to close a home equity line and release its lien.
Partial claim	An FHA loss-mitigation advance secured by a separate, subordinate, non-interest-bearing mortgage in favor of HUD, paid off separately from the first mortgage.

TERM	MEANING
HECM	Home Equity Conversion Mortgage, the FHA-insured reverse mortgage; non-recourse, due and payable on the last borrower's death, sale, or move-out.
Satisfaction / release of mortgage	The recorded instrument by which the mortgagee acknowledges payment and releases the lien. Also called a reconveyance in deed-of-trust states.
Certificate of release	In Florida (s. 701.041), an instrument a title insurer or its appointed agent may record to release a paid mortgage when the lender fails to, subject to a $500,000 cap and other limits.
Corporate advance	Amounts a servicer paid on the borrower's behalf, such as inspections, forced-placed insurance, or legal fees, added to the payoff.
Prepayment penalty	A charge for paying a loan early, set by the note; includes yield maintenance and defeasance on commercial loans.
Regulation Z §1026.36(c)(3)	The federal rule requiring an accurate payoff statement within seven business days of a written request on consumer dwelling-secured credit.
Florida §701.04	Florida's statute setting the 10-day estoppel deadline, required contents, the ban on disclaimers, and the 60-day release requirement.
Payoff fraud	A wire-fraud scheme in which a criminal delivers a fictitious or altered payoff letter so that payoff funds are wired to an account the criminal controls.

FAQ

Frequently Asked Questions

How long does a lender have to send a payoff letter?

On a consumer loan secured by a dwelling, federal Regulation Z requires the statement within a reasonable time and no more than seven business days after a written request from the borrower or someone acting on the borrower's behalf, once the servicer has any authorization it reasonably requires. Florida's section 701.04 requires an estoppel letter within 10 days of receipt of a written request, with statutory rules for when a request is deemed received. Loans in foreclosure or bankruptcy, reverse mortgages, and commercial loans can take longer. Confirm the rule in your state.

Can the lender change the payoff figure after I've relied on it?

In Florida, generally no. Since October 2023, a mortgagee or servicer may not qualify, reserve the right to change, or disclaim reliance on the figures in an estoppel letter, and any such language is void. A corrected letter counts only if the requester receives it by 3 p.m. at least one business day before payment is issued; otherwise the lender cannot deny the accuracy of the original as against anyone who relied on it, though it keeps its claim against the borrower personally. The exception is a loan with a recorded foreclosure lis pendens or suggestion of bankruptcy. Other states' protections vary, and federal law requires accuracy when issued but does not itself bar corrections.

Why is the payoff higher than the balance on the borrower's statement?

Because mortgage interest is paid in arrears, the statement's principal balance excludes the interest that has accrued since the last payment. The payoff adds that interest through the good-through date, plus per diem after it, plus any late charges, fees, corporate advances, prepayment penalty, and deferred or partial-claim balances. Escrow may be netted or refunded separately.

The seller says the HELOC has a zero balance. Do I still need anything?

Yes. A HELOC with a zero balance is still an open credit line and a recorded mortgage. You need a payoff (even if $0), a borrower-signed request to close the account and release the lien, the servicer's confirmation that the line is closed, and ultimately a recorded satisfaction. Otherwise the seller could draw on the line after closing, ahead of the new lender.

How do I know the payoff letter and its wire instructions are genuine?

Verify by phone with the servicer at a number you obtained independently — its website, the borrower's statement, or your verified-vendor file — never the number on the letter or in the email. Compare the account to prior verified payoffs to the same servicer, treat any "updated" instructions as fraudulent until proven otherwise, require a second person to confirm, and if it cannot be verified, send a check to the servicer's published payoff address instead of wiring.

What if the lender never records the satisfaction?

Send a written demand with proof of payment citing the statutory deadline (60 days in Florida under section 701.04, with attorney's fees for enforcement). Escalate to the servicer's lien-release department, your underwriter, and where applicable a Regulation X notice of error or regulator complaint. In Florida, for mortgages securing $500,000 or less that are not lines of credit, a title insurer or its appointed agent may record a certificate of release under section 701.041 once payment was made per the estoppel letter. Litigation or quiet title is the last resort.

Does the closing agent have to cover a payoff shortfall?

It depends on why the shortfall occurred and where the property is. If it results from the closing agent's own miscalculation or late funding, the agent typically covers it and pursues the seller. If it results from the lender's error in a Florida estoppel letter that was not timely corrected, the lender must apply the payment and cannot deny its figures against the relying party; it may pursue the borrower personally. In every case, resolve shortfalls the same day to keep the release on track, and consult your underwriter on any dispute.

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