

# I've paid off my mortgage. Now what?

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**Q**: I paid off my mortgage and would like to know what actions I should take now. Thank you in advance for your assistance in this very important matter.

**A**: First, congratulations on paying off your mortgage. Paying off any debt is worthy of a celebration. Paying off a mortgage, especially if you've owned the home for a substantial period of time, say 15 or 30 years, is even more remarkable.

There isn't much for you to do now, other than make sure you continue to pay your property taxes and ensure that the lender has removed the lien it placed against your home when you got your loan.

First, if your real estate property taxes were paid as part of the loan with a real estate tax escrow, you'll need to make sure

you start receiving the property tax bill directly. Since you won't be making monthly payments, the lender will no longer be paying that bill on your behalf.

The good news is that the lender likely kept extra funds above and beyond what you actually owed in taxes. And someday (a couple of weeks after your final payment), you should get that reserve back in the form of a check from your lender. Make a note in your calendar to contact the lender if you haven't received these funds four weeks after the payoff of the loan.

The bad news is that now you'll need to set aside enough cash for your property tax payment and homeowners insurance policy (if the lender was paying that premium as well). Since it can be difficult for most people to come up with a lump sum twice a year, we suggest you open up a bank account

and deposit the same amount as your mortgage each month until you have enough to pay your property taxes and homeowners insurance premium. (You might want to shop around with a few lenders to see if you can reduce your property insurance premiums, if you haven't done it in a few years.)

Once your lender receives the final payoff amount from you, the loan is paid off in full. Lenders then need to prepare a release deed or release of lien to clear the title to the property. The release, once recorded, gives notice to the world that you have paid off the loan and that the lien the lender attached to the property when you got your mortgage is no longer valid.

You should also receive back from the lender the canceled original note and the canceled original mortgage that you signed when you took out the

loan. Make sure you keep good records so that you later don't get someone claiming that you didn't pay the loan off in full or they claim you owe them money on that same loan you paid off.

Be aware that lenders often don't send out release deeds or release of lien letters, as we think they should. But you can call your lender and request that the company prepare and send out the release for recording. The document must be recorded at your local recorder of deeds office, or at another office charged with recording deeds in the county in which the property is located.

When you call the lender, ask for the department that handles the release of liens and then ask how long it will take for the lender to get the documents sent.

You may have to keep checking with your local recorder of deeds to ensure that the release of lien gets filed. You

might be able to do this online, as many recorder of deeds offices have put these public records online.

One final note: Make sure to call your homeowners insurance carrier and tell them that you paid off the loan and that the lender no longer needs to be added as the lender on your homeowners insurance policy.

Again, the hard part is over. You've made your payments and the house is now yours, free and clear. And that, friend, is worthy of a celebration.

*(Ilyce Glink is the creator of an 18-part webinar+ebook series called "The Intentional Investor: How to be wildly successful in real estate," as well as the author of many books on real estate. She also hosts the "Real Estate Minute," on her YouTube channel. Samuel J. Tamkin is a Chicago-based real estate attorney. Contact Ilyce and Sam through her website, ThinkGlink.com.)*

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