



The Closing Process

“Close of escrow” is a term that most people know, but the closing process often remains a mystery even to seasoned buyers and sellers.

Unlike many other states, Arizona does not use a formal “sit down” closing with buyers & sellers, their agents, bankers and attorneys seated around a table. Often the seller has already signed the needed documents before the buyer’s loan is completed, and it is not uncommon for the buyer and seller to never meet.

The closing process usually begins 2 to 4 days prior to the scheduled close of escrow with the lender delivering the buyer’s loan package and closing instructions to the title company. The escrow officer then prepares a settlement statement containing a full accounting of all the costs in the transaction, notifies the buyer of any additional funds needed to close and sets an appointment for the buyer to sign the loan documents.

When the lender’s documents have been signed they are returned via messenger, express mail or fax to the lender’s loan closer who will review and approve the package for funding. After the package receives final approval the closer notifies the escrow officer that loan proceeds are available. Once all required funds are **deposited and available for withdrawal in the escrow bank account** the deed is released for recording. When the deed records, escrow has “closed”.

Because this is an informal process it requires a coordination of efforts among all the parties to ensure a timely, successful closing. Employing an experienced real estate professional to captain the “closing team” is the best way to make sure your escrow closes on time. Many variables can come into play which could delay the closing or create last minute “surprises”. Your agent can prepare you for possible problems and have options available to smooth the way.



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Closing tips:

1. **Be available.** Time is often short at the closing. Make sure you are prepared to take time from work or other commitments. Be ready to act on short notice.
2. **Be flexible.** Even the best laid plans can't ensure there will be no glitches at closing time. It may be necessary to juggle or rearrange at the last minute.
3. **Ensure that the escrow officer has all needed information.** Provide the name & number of your lender & insurance agent, the source of your closing funds, your schedule, and any adjustments to the settlement costs as soon as possible.
4. **Remember that state law requires available funds for the closing.** The funds you use to close are the same funds the title co. will use for payments at close of escrow, so your funds must be "immediately negotiable". Personal, money market, or investment broker's checks will not be acceptable since they all are subject to collection and cannot be immediately converted to cash at the title company's bank. Even cashier's checks require a hold of at least one day after bank deposit, so be sure to deposit all closing funds at least 2 days prior to your anticipated closing date. Only funds wired directly into the escrow bank account are available immediately upon deposit.
5. **Communicate with your loan officer** to determine any last minute requirements of the loan funding. Bank statements, credit explanation letters, check copies or payment of debts are some requirements made by the lender which could delay the closing or add needless stress. You should also ensure that your lender is prepared to have their loan proceeds in the escrow bank account and available for withdrawal prior to the scheduled closing. **Failure to have available loan proceeds will delay your closing**
6. **Ask your realtor to be present at the closing.** Your escrow officer has no knowledge of conversations between the parties, how the contract was negotiated, what representations were made by the lender, or other specifics of the sale beyond the terms printed in the purchase contract. The contract and the lender's closing instructions are the escrow officer's "bible" at closing and buyers often have questions or concerns that can only be addressed by someone who has been more closely involved...your agent.
7. **If you wish to review the closing documents ask your loan officer or the escrow officer to provide copies of pertinent documents in advance.** Trying to read and absorb the dozens of documents in your loan package at the signing will be very time consuming. Make a list of questions and your realtor, escrow officer or loan officer should be able to address any concerns easily.