

WHEN IS A COLORADO CLOSING, CLOSED?

Open Escrow: Once a Purchase and Sale Contract is signed by the buyer and seller, it is delivered to the title company (closing agent), with the earnest money deposit check to be delivered according to the terms of the contract (typically 3 business days). The escrow is accepted by the escrow agent (also known as your “Closer”) at the title company, and the closing process begins by opening a title order. Once the file is opened, a title search is ordered, and the process begins with requests for tax information, loan payoffs, HOA fees/dues/assessments, homeowner insurance, legal documents, and other necessary information that is required by the Purchase and Sale Contract.

Title Search and Examination: A search is made of the public records including, deeds, deeds of trust (mortgages), liens, and any encumbrances or documents that affect the title to the property. During the search verification of the legal owner(s) is made and the debts owed against the property are determined.

Document Preparation: The closing agent reviews the new lender’s instructions and requirements (if buyer is getting a loan), reviews instructions from other parties to the transaction, legal and loan documents, tax certificates, HOA fees, any other required charges, and prepares closing statements for buyer and seller, then schedules the closing.

Closing/Transfer of Ownership: The ownership of real property is transferred once the closing “good funds” are received and the Deed is executed, acknowledged and “Delivered” by the seller (Grantor) to the buyer (Grantee) through the title company. A “Delivered” Deed does not have to be recorded to be an immediate conveyance of title.

The transfer of ownership (conveyance) is not contingent on disbursement by the title company. Therefore, if disbursement were to occur after all closing documents have been signed by the parties (i.e. the following business day from signing closing documents), the conveyance of the property has already occurred.

As an example, if a Closing were to occur at 6pm on a Thursday evening and the property was subject to a house fire at 2am Friday morning, an insurable interest was transferred from the seller to the buyer on Thursday. The risk of loss would fall upon the buyer. That would hold true even if the title company has not yet disbursed all funds and recorded the documents for the transaction. Homeowners insurance would be in place on behalf of the buyer with coverage triggered by the delivery of the Deed and would be in full force and effect.

Post-Closing: After the signing has been completed by all parties, the closing agent will submit payment to any prior lender(s) of the seller, and pay all parties in connection to the transaction. The documents are recorded in the county in which the property is located. Title insurance policies are prepared and sent to the new lender and the buyer(s). This all happens without any further action by the buyer or seller.

**This is being provided for informational purposes only. Seek independent legal advice for any specific transaction or individual questions you might have.