The California Closing Process

and how it's Unique

In the State of California, the "Closing" is the date and time that the deed records, ***not the date the borrower signs loan documents.***

However, for loans that are applied for on or after October 3, 2015, a new term "Consummation Date" will be introduced and recognized as the date the borrower becomes legally obligated on the loan, regardless of whether the deed has recorded. How does this change the CA Closing Process? Here is how the revised "Closing" process as of 10/3/15 will work:

- The Closing Disclosure will be prepared and given to the borrowers at least three business days before consummation. An additional three-day period is afforded the borrowers to review the loan terms and costs and rescind the loan if anything has changed on their loan terms. (This is NOT a right to rescind the Purchase Agreement.) At least three business days after delivery of the Closing Disclosure, the Loan Documents will arrive and be signed in advance of the close of escrow.
- The process of closing happens in three separate events:
  - **Loan Signing** – Where all loan documents are signed and notarized as required.
  - **Loan Funding** – When the lender releases funds to title.
  - **Recording** – When the deed, deed of trust, and any other recordable documents are recorded at the County Recorder's office. This event signifies the "closing" or "close of escrow."
- AFTER escrow receives confirmation from title that the documents have recorded, the escrow officer will verify all charges and prorations and issue the final settlement statements.
- It is important to understand that in California, the consummation, closing, settlement and disbursement dates are not all the same, and that the closing date is considered to be the date the documents record.

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