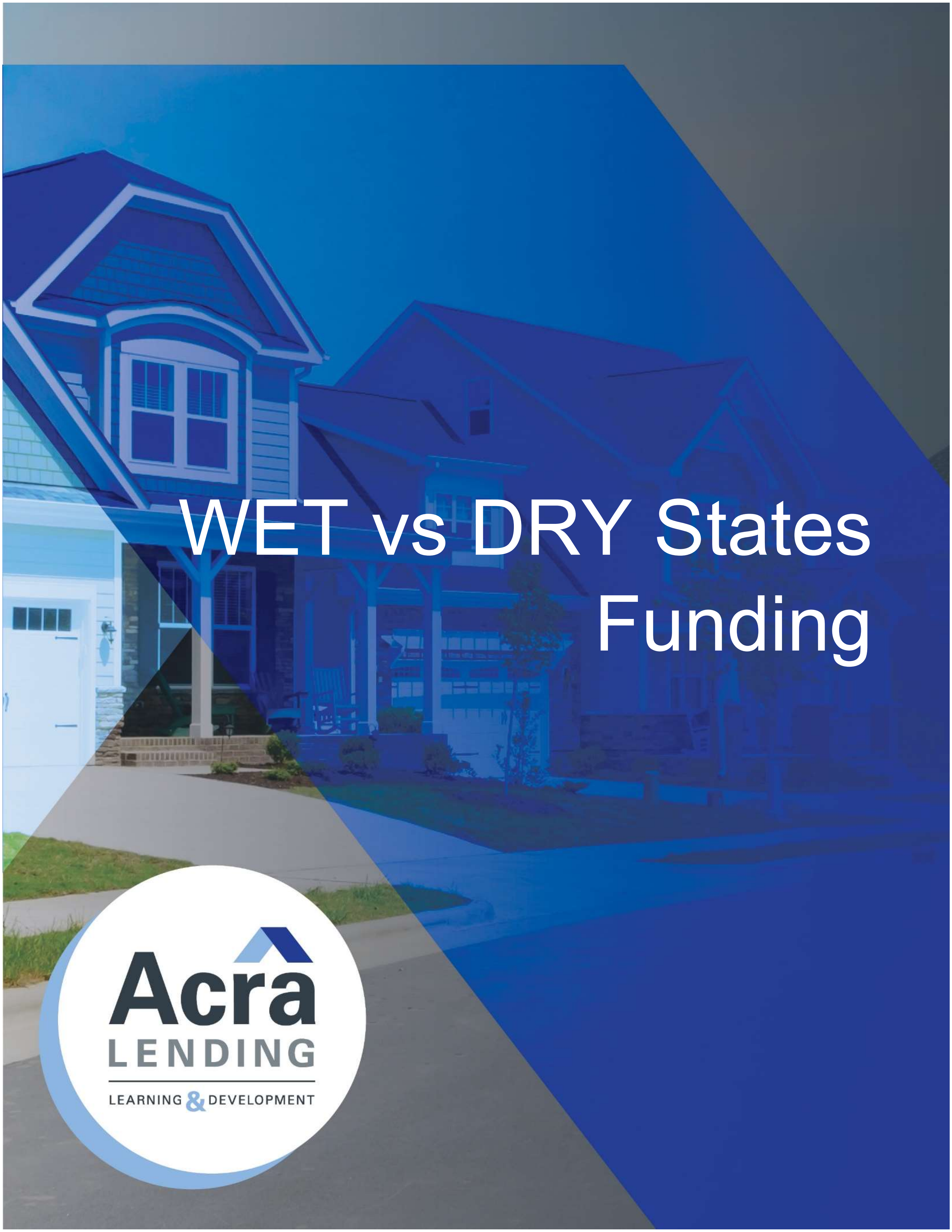
WET vs DRY States Funding



Acra LENDING

LEARNING & DEVELOPMENT

The Difference Between a Wet and Dry Funding State

“Wet funding” and “dry funding,” which vary by state, refer to when a mortgage is considered “officially” closed, mortgage funds are dispersed and the new owner can take possession of the property. Here is the basic difference between “dry” and “wet” funding:

- “Dry funding”: On the day of loan closing, all parties get together to sign mortgage documents, but all of the paperwork required to officially close the loan doesn’t have to be completed at that time. Most importantly, no mortgage funds are distributed to the seller on that day. (Technically, the loan doesn’t officially “close” until all of the paperwork is completed, approved and mortgage funds are dispersed to the seller.)

Dry funding states include Alaska, Arizona, California, Hawaii, Idaho, Nevada, New Mexico, Oregon and Washington. All other states are “wet funding.”

- “Wet funding”: Much stricter than dry funding, wet funding requires that all of the paperwork needed to officially close the loan must be completed and approved on the exact day of loan closing. With wet funding, the seller receives funds on the loan closing date or within two days thereafter. So wet funding moves the entire closing process along much faster than dry funding.

If dry funding slows things down, why was it created? Basically, dry funding is an added layer of consumer protection to help ensure the legality of the transaction. Because the closing process is slower, and funds aren’t disbursed right at the closing table, there’s added time to help ensure that there aren’t any issues.

WET STATE CUT-OFF TIME .... **12:00PM (PST)**

DRY STATE CUT-OFF TIME .... **3:00PM (PST)**
(AZ, CA, ID, NV, OR, WA)

DRY STATES

WET STATES