

# What is a Payoff?

The loan payoff is an extremely important service provided by Ticor Title to facilitate the handling of money in the closing of a real estate transaction. (In some areas such as Southern California, where the escrow may be handled by an independent escrow company, Ticor Title would offer a Sub-Escrow function to facilitate this payoff service.)

The following are brief definitions of commonly used terms, intended to answer some of the questions you may have regarding payoff (or Sub-Escrow) functions:



**Payoff** – The receipt of funds from buyer and the payment of the obligations of the seller in conjunction with a real estate transaction. The payoff function is performed by the title company.

**Payoff Fees** – Ticor Title fees for handling a payoff vary slightly from county to county. The fee is strictly a processing charge and does not cover special handling charges or potential shortages.

**Prefigures** – Estimated payoff figures calculated and given prior to closing upon request. These figures are only valid through the date given and are based on the information provided at that time.

**Good Funds** – The title company must be in receipt of “good funds” prior to disbursing on a payoff. Types of good funds include:

- Funds wired into the title company’s sub-escrow account.
- A cashier, teller, or certified check will provide next day availability after deposit, to comply with AB512.
- All other local checks will provide availability of funds two (2) days after deposit.
- Out of area checks will provide availability of funds five (5) days after deposit.

**Demands** – Demands must include specific payoff information concerning the particular property and must be signed. It is the responsibility of the escrow to order and provide all necessary demands including any updates of changes on a timely basis.

**Taxes** – Outstanding property taxes can be paid out of the payoff proceeds.

**Refunds** – Any overpayment of demands will be refunded to the escrow upon receipt from the lender. Refunds typically take two to six weeks to process.

**Shortages** - Ticor Title will contact the escrow if there is a shortage of the necessary funds to cover the outstanding obligation. The shortages must be received prior to payoff.

**Disbursement Checks** – Checks are delivered locally to lending institutions by a contracted messenger service. Checks to individuals and to out-of-area lenders are typically sent via an overnight delivery company.

**Wire Transfers** – Funds can be wired into and out of the Ticor Title offices with our bank.

**Out-of-County Transactions** - Ticor Title can receive and disburse payoff funds through any of our offices.

Ticor Title designs all of its services, including payoffs, to serve its customers in a fast, friendly and accurate manner.

