

# DRY FUNDING *VS* WET FUNDING

Have you ever heard of one state being called a “Wet Funding” state and another Dry? What does that mean? “Wet Funding” and “Dry Funding,” which varies 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’s the basic difference between “Dry” and “Wet”:



## DRY FUNDING

For most purchases in Arizona, California, Oregon & Washington, the loan is not immediately ready to fund after a borrower signs their loan documents. The “Closing Disclosure” (signed loan documents and escrow conditions) needs to go back to the lender so a designated “funder” can review the package to make sure everything is signed properly and all conditions are adequately satisfied. The “funder” will only wire funds to escrow once they are certain that they have a complete file and gets the green light from the escrow company.

Technically, the loan doesn’t officially “close” until all of the paperwork is completed, approved and mortgage funds are dispersed to the seller. This funding review process is lengthy and can take from 1 to 4 days, depending on the lender and file specifications. This is important to understand because so many people think loans can fund immediately after signing.

## WET FUNDING (table 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. Stringent requirements also mandate that the money is cleared and all wire transfers are received before disbursements are made. Additionally, wet funding requires that real estate agents be on record in the county before they can disburse funds for the sale of a home.

## States Where Dry Funding Is Permitted

Only a few states allow for dry funding, including:

- Alaska\*
- Arizona
- California\*
- Hawaii
- Idaho
- Nevada
- New Mexico
- Oregon
- Washington

\* Allows both Dry & Wet Funding

All Other States are Wet Funding State. If you have any questions about Dry vs. Wet funding in your state, just ask one of your mortgage professionals.