



**Arizona Escrow & Financial**  
CORPORATION

## Smooth Closings Guide

# SPECIALIZING IN BUSINESS SALES & COMMERCIAL TRANSACTIONS

## Important Information to Guide You Through a Smooth Closing Process

*Thank you for choosing Arizona Escrow and Financial Corporation to assist you with your escrow transactions. Included in this handout are some tips to help us assist you in having the smoothest closing possible.*

**Step 1:** In order to open an escrow, Arizona Escrow requires a signed Contract or Letter of Intent (LOI). Upon receipt, we will open a file and assign an escrow number.

### All contracts should contain the following information:

- Buyer and Seller legal names and marital status (Husband and wife, single, married, etc.).  
**Pro Tip:** Be careful with unusual multi part or hyphenated names.
- If Buyer or Seller is an entity, the correct name of the corporation, limited liability company or partnership. Also, the name of officers, member and/or managers of the entity.
- Buyer and Seller's home addresses or the address where to send post-closing correspondence.
- Buyer and Seller phone numbers and email addresses.

▶ **A legible Contract/LOI- is critical to ensure a smooth transaction process. All names should be spelled correctly, and addresses specified.**

**Verifying Identity:** A driver's license or some other form of picture ID will be requested at the time of listing or the signing of the contract. This also helps to verify legal names.

**Organize addendums and counter offers** – a numerical system that everyone can follow creates better continuity and flow, especially if there are changes in terms on the contract.

**Ask about our Escrow Information Sheet-** This document helps with information that is not legible in the contract and also provides an area for additional instructions.

Contact Us:  
(602) 956-2629

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**Lease Assignments**- Unless waived by the parties, lease assignments should be done prior to close of escrow.

**Changes to the Contract** – Should be provided to the escrow officer as soon as you receive them. This allows for corrections to be made prior to the closing.

**Earnest Money**- if the deposit is made by personal check, there must be adequate time for the check to clear prior to closing.

**Pursuant to the “Good Funds Law”** local personal checks have a three (3) day holding period. Out of State checks have a five (5) day holding period.

▶ **Holding times may be longer or shorter based on our ability to verify clearance of the checks. Money Market account checks can take longer to clear. Earnest money deposits in the form of a cashier’s check or wired funds is cleared immediately.**

**Corporation, LLC, Trusts and Partnerships**- in most cases, we can pull Articles of Organization and Articles of Incorporation directly from the Corporation Commission’s website. If one of the parties is an out-of-state entity, please make sure to obtain the Articles and send them over with the contract of as soon as possible after opening the escrow.

**Wire Transfers** – If a **Buyer** wishes to wire in closing funds, we are happy to provide wiring instructions via secure email. Please wire the funds **the day before closing**. This ensures funds are received in time for closing. All incoming wires must contain the escrow number to ensure the funds are credited to the proper account.

If a **Seller** would like their proceeds wired, we're happy to accommodate. Please let us know ahead of time so we can provide a "Seller’s proceeds authorization" form to them to complete with their wiring information.

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**UCC Lien and Judgment Search**- Order a search once an escrow is opened (AEF will do this upon request).

▶ **AEF will search the state and county of any UCC-1 Financing Statements of record, Tax liens, and Judgements. Please note the search will only pick up tax liens that are of record. This does not mean the Seller is current on all taxes. If this a concern, you should have the Seller obtain a letter or certificate of good standing from the tax authorities. Please note the taxing authorities will only release this information to the taxpayer.**

**Underlying Creditors or Liens** – If there are underlying creditors that need to be paid off through escrow, please have the Seller provide us with payoff statements for the obligations as soon as possible. Due to privacy laws and policies, we are unable to request payoffs from most taxing authorities, banks, etc.

**Requesting Draft Documents for Review**- If the parties or their counsel would like to review the closing documents prior to close of escrow, advanced notice will ensure timelines are able to be met. Your escrow officer should be notified as soon as possible. Concerns that arise can then be addressed ahead of time.

**Understanding Asset Sales and Stock/Membership Interest Sales**- Stockholders own Corporations, Members own LLCs, Corporations or LLC's own assets. If you are selling a corporation or LLC, the Stockholders or Members of the entity are the Sellers. If you are selling the assets of the entity, the Seller is the Corporation or LLC.

**Scheduling Closing Appointments**- Schedule the time you would like to close the transaction as soon as possible. Please keep in mind that a minimum of 2-5 business days is usually required to prepare documents for closing. The first, middle or end of the month appointments fill up quickly. AEF is happy to reserve a time for you on our schedule and then have you send in the contract at a later date.

*\*Please note, your contract may have a close of escrow date specified, however, unless you contact us and schedule an appointment, your transaction will not be on our closing schedule.*

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#### **CLOSING DETAILS - SPECIFIC TO AEF:**

**Transactions that have SBA financing take longer to sign.** We usually schedule two (2) hours for SBA transactions to allow for the signing of loan documents as well as Escrow documents.

**Cancellation / Rescheduling Closing** - Advanced notice (as much as possible) will ensure timely rescheduling.

**Appointment Time - Promptness:** All parties should arrive promptly for the scheduled closing. This is especially important during the busy times of the month. Back-to-back closings are common and if your parties run late, it may be necessary to reschedule your appointment for later in the day or the next day.

**Electronic Signatures/Mobile Notaries-** The recent pandemic has required us to find alternatives to in-person closings. This trend continues as parties are finding these types of closings more convenient or choose to do so based on safety concerns.

The majority of AEF closings can be done via electronic signature through a DocuSign type service. In cases where notaries or “original” signatures are required, we can arrange for the parties to sign via remote notary.

▶ **The documents for mobile notary closings need to be sent out a few days in advance of the closing date in order to allow for the documents to be sent to the notary, schedule the signing and the return of the documents through overnight delivery.**

**Closing Funds (specific to AEF)-** closing funds must be in the form of guaranteed funds (wire transfer or cashier’s check made payable to Arizona Escrow.) We will contact you and/or the Buyer prior to closing to provide the amount due from the Buyer. In the unlikely event you do not receive this information from us at least one business day prior to closing, please reach out to us.

*\*Please have your escrow number available so we can retrieve your file and assist you quickly.*



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#### **CANCELLATION PROCEDURES - SPECIFIC TO AEF:**

**Cancellation Procedures-** if the escrow cancels and the contract language includes the specific information detailed in the 3 points below, then the funds can be released upon request.

1. Who receives the earnest money
2. Under what circumstances the earnest money is to be disbursed
3. And that the funds can be disbursed without further consent from the other party

If, however, the contract is missing any of this information or does not provide the terms in which the earnest money can be disbursed, then we must have mutual instruction to cancel the escrow and release the funds.

We will prepare a mutual release to be signed by all parties instructing us to cancel the escrow and how the earnest money should be disbursed. If either party refuses to sign the mutual release, the party requesting the cancellation may send us a letter requesting the escrow be canceled and place a demand for the earnest money.

We will then forward the demand letter to the other party and give them fifteen (15) days to respond.

If there is no response after fifteen (15) days, the earnest money will be disbursed to the party that sent the demand. If the party does respond within the fifteen (15) day period, we will then send a letter to all parties stating that they have thirty (30) to resolve the dispute or we will send the file to the Superior Court for an interpleader action. The interpleader process is very costly and would be the last resort for the release of funds.

#### **THE AEF PROMISE**



**We are here to help and will do everything we can to assist with the smooth closing of your transaction. If any one officer is unavailable due to scheduled closings, appointments, etc. please do ask another member of our team for assistance. We strive to return all phone calls and emails by the end of the business day.**



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## **AEF CONTACT INFORMATION**

**We appreciate your business and look forward to assisting you with your transactions.**

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in business sales and commercial transactions, since 1976.**

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