

Which utilities are paid off during closing?



LIENABLE UTILITIES & CLOSING

Did you know escrow companies are only responsible to pay off lienable utilities?

WHAT CONSTITUTES A LIENABLE UTILITY?

- Utility companies that are run by a local government can attach a lien to a property when utility bills are not paid.
- Utility companies that are not government operated may not attach a lien for unpaid utilities and must pursue unpaid debt through a collection company.

LIENABLE UTILITIES THAT WILL BE PAID:

- Water (billed by city/district)
- Sewer (billed by city/district)
- Garbage (only City of Kirkland)
- Electricity (billed by city/district)
- Seattle City Light (City of Seattle)- Since it can take the City of Seattle up to 6 months to send the final utility reading, escrow will collect and pay an estimated amount. Once the final reading has been received and paid, the remaining balance will be sent to the seller by Seattle City Light.
- Tacoma PUD

NONLIENABLE UTILITIES THAT WILL NOT BE PAID OUT OF ESCROW, BUT MUST BE PAID BY THE SELLER:

- PSE
- Waste Management
- Cable/Satellite
- Phone
- Security Companies
- Snohomish PUD

WILL THE SELLER UTILITY BILLS BE PRORATED IN ESCROW?

No, utility bills are based on usage so prorations do not work. Escrow pays the utility company exactly what they require based on their calculations of usage to the day of closing.

ESCROW RESPONSIBILITIES:

- Request estimated final bill from utility provider
- Pay estimated final bill at closing
- Note: Most final bill payments are estimated by the utility company and any overpayment is directly refunded to the seller from the utility company.

BROKER, SELLER, BUYER RESPONSIBILITIES:

- Broker: Provide a Form 22K Addendum for escrow to use, along with the seller's opening escrow disclosure to insure there are no missed utilities.
- Seller: Call to close their account (Escrow cannot close accounts)
- Buyer: Call to set up their account (Escrow cannot set up accounts)