

GOOD FUNDS FOR ESCROW CLOSING

Escrow companies are required to comply with the “Good Funds Law” (AB512) for all funds deposited into escrow.

What exactly are “Good Funds?”

- “Good Funds” are funds that are immediately available to the escrow company upon deposit. Depending on the type of funds deposited into escrow, a waiting period will apply before those funds can be disbursed or escrow can be closed.

What funds are considered acceptable?

Wire Transfers from a FDIC insured bank

- A wire transfer is the best choice to insure funds for closing escrow are good funds. These funds are electronically transferred into our trust account from the client’s bank account. Please NOTE: ACH transfers are not wire transfers; escrow trust accounts are blocked from sending or receiving ACH transfers because these electronic transfers can be recalled by the issuers.

Cashier’s Checks

- Cashier’s Checks take up to four business days to clear
- Cashier’s checks must be issued from a California Bank.
- Once a cashier’s check has been deposited for closing, the amount does not become “good funds” until it has been paid by the issuing financial institution.

Personal Checks

- Personal checks are not considered good funds and cannot be used for closing purposes.

Escrow does not, under any circumstances, accept Money Orders.

- Despite popular belief, the payment of a Money Order cannot be tracked and does not constitute Good Funds.

Escrow makes every effort to inform your clients about the Good Funds Law and closing funds requirements. Please reinforce this with all clients so that we can help you close the transaction on time.

Disclaimer – This flyer is intended for informational purposes only. Before making any decisions dealing with the subject matter found in this flyer our Company recommends that you seek out specific advice from your legal counsel. All information here was gathered from seemingly reliable sources.

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