

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7528

BILL NUMBER: HB 1374

NOTE PREPARED: Apr 8, 2009

BILL AMENDED: Apr 7, 2009

SUBJECT: Escrow Transactions.

FIRST AUTHOR: Rep. Murphy

FIRST SPONSOR: Sen. Paul

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: No Fiscal Impact

Summary of Legislation: The bill provides that funds received in connection with an escrow transaction in a real estate transaction must be deposited in an escrow account unless the parties to the escrow transaction agree in writing to another arrangement. The bill prohibits a closing agent from making disbursements from an escrow account in connection with a real estate transaction unless any funds that: (1) are received from a single party to the transaction; and (2) in the aggregate are at least \$10,000; are wired funds that are unconditionally held by and irrevocably credited to the closing agent's escrow account. The bill sets forth certain types of instruments and other forms of money that constitute "good funds" for purposes of an escrow transaction.

The bill prohibits a closing agent from making disbursements from an escrow account in connection with a real estate transaction unless any funds that: (1) are received from a single party to the transaction; and (2) in the aggregate are less than \$10,000; are good funds. The bill provides that if: (1) the closing agent in a real estate transaction receives wired funds unconditionally held and irrevocably credited to the closing agent's escrow account; and (2) a holder of a mortgage lien so requests; the lien holder is entitled to receive its proceeds from the real estate transaction through funds electronically transferred to an account specified by the holder. The bill provides that a closing agent may advance up to \$500 from an escrow account on behalf of a party to an escrow transaction for the purpose of paying certain incidental fees in connection with the real property that is the subject of the escrow transaction.

Effective Date: July 1, 2009.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Chris Baker, 317-232-9851.