

August 24, 2009

Bulletin 171

GOOD FUNDS

This bulletin is directed to all closing agents as defined in IC 27-7-3.7-1 and is intended to clarify the provisions of Indiana's new Good Funds Law, IC 27-7-3.7-1 through 27-7-3.7-10.

The Good Funds Law provides that disbursements of certain escrow account funds must be made from wired funds or, if the aggregate funds received by a party are less than \$10,000, other good funds. For purposes of the Good Funds Law, the Department interprets "wired funds" to include intra-bank transfers. Wired funds means any deposit or credit to a closing agent's escrow account by electronic means and may include Federal Reserve wire (Fedwire), automated clearing house (ACH), and electronic funds transfer (EFT) methods, if unconditionally held and irrevocably credited. Since these methods are not always irrevocable, it is the responsibility of the closing agent to ensure the irrevocable and unconditional nature of any transfer before disbursing funds.

In addition, the \$10,000 threshold in the law references funds received from a single party. The Department interprets "single party" to mean a buyer, seller, or lender, regardless of the number of people or entities making up the buyer, seller, or lender. For example, a husband and wife involved in a closing will be considered a single party for purposes of applying the Good Funds Law.

Questions regarding this bulletin should be directed to Stephen W. Robertson, Deputy Commissioner, at (317) 234-5154 or srobertson@idoi.IN.gov.

INDIANA DEPARTMENT OF INSURANCE

A handwritten signature in cursive script, reading "Carol Cutter", written in black ink.

Carol Cutter, Commissioner