



Understanding “Good Funds” Law

California’s good funds laws, Section 12413.1 of the California Insurance Code, require that an escrow company and title company have in possession sufficient good funds in order to close the transaction. Good funds are defined as funds collectible as a matter of right pursuant to the banking laws contained in the Code of Federal Regulations. 12 C.F.R. §229. The law requires documents to be recorded prior to disbursement of funds.

The State of California Insurance Code also regulates the types of funds that a title company can accept and how long the funds must be on deposit in its escrow account before disbursement. This regulation is commonly referred to as the “Good Funds” law.

At Chicago Title, the escrow officer can only authorize recording of the closing documents when all funds on deposit have been “collected” or cleared. The only acceptable funds to close escrows are the following types of deposits:

1. **Wire Transfer** - this form of deposit is by far the most efficient for all parties involved in the transaction
2. **Cashier’s Check** - Payment may be made in the form of a Cashier’s Check and is made payable to:
Chicago Title Company

These funds must be on deposit 24 hours before the escrow officer can authorize recording of the documents to close your escrow.

If funds are not received in this form, your closing could be delayed at least one day and as many as ten days while Chicago Title confirms that the funds are “good” or cleared.

Please note that the following funds are **NOT ACCEPTABLE**:

1. Official Check - this is NOT a Cashier’s Check, and is subject to a waiting period of 3 - 5 days
2. Automatic Clearing House (ACH) transactions or Online Transfers - since these type of deposits can be recalled by the Sender and therefore are not acceptable as they do not meet government “Good Funds” guidelines. Your bank may offer this at a lower cost, **DO NOT ACCEPT!**

Please talk to your escrow officer if you have questions about your final deposit or any other matter concerning your escrow. We will be happy to provide your Buyer(s) with Good Funds Instruction.