

## HAWAII “GOOD FUNDS” REQUIREMENTS AND THE REAL ESTATE CLOSING PROCESS

Escrow companies in Hawaii are prohibited from disbursing funds deposited into escrow “until final settlement of the item has been received by the financial institution to which the item has been submitted for collection.” HRS § 449-16. The Hawaii Association of Realtors standard form purchase contract provides that closing occurs and proceeds are to be disbursed to the seller when documents are recorded at the State Bureau of Conveyances. Purchase Contract § C-5.

This means that the method by which a buyer makes his or her initial deposit, or balance due monies may affect the timing of “closing”. Escrow must have confirmation that all funds necessary to close, including buyer’s additional monies and lender’s funds, before escrow allows a transaction to record. The following are the rules First American applies in setting up recordings.

— A cashier’s check or certified check payable through a Bank located in Hawaii usually clears within 1 to 3 business days after deposit into escrow.

— A personal check, corporate check, teller’s check, cashier’s check, or any other type of check drawn on a mainland financial institution may take up to six business days after deposit into escrow to clear.

— A personal check drawn on a Bank located in Hawaii usually clears three business days after deposit into escrow.

— Wire transfers are immediately disbursable upon confirmation of receipt.

— All funds received must be in U.S. Dollars. If wiring international funds which will be converted into U.S. dollars, the amount may vary and fees may incur due to currency exchange rates. It is strongly suggested that you check with your bank prior to sending international funds. Any amount owed resulting from the conversion rate or fees will be the responsibility of the sender.

The Bureau rules require that signed conveyance documents are delivered to the Bureau no later than 8:00 a.m. the day before recording. The Federal Reserve Bank system closes at 11:00 a.m.

This means that escrow must receive confirmation of “good funds” from lenders and buyers no later than 11:00 a.m. two days before recording in order to allow the closing to proceed.

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