

Understanding the Basics of the Ohio Good Funds Law



What are Good Funds?

For transactions involving residential real estate, settlement agents may disburse only when the funds for the transaction qualify as Good Funds, as defined by Ohio statute*.

What are acceptable forms of Good Funds under the Ohio statute?

Effective September 29, 2017, the following are the only form of funds a settlement agent may collect and disburse on in connection with a residential real estate transaction:

1. Electronically transferred funds, including wire transfers.
2. Checks: Personal, Business, Certified, Cashier's, Official Check or Money Order. The combined dollar amount of these items cannot exceed \$10,000.00.

Examples:

- Personal check for \$1,000.00 and cashier's check for \$8,790.00
ACCEPTABLE – Total dollar amount is \$9,790.00, which is less than \$10,000.00.
- Money order for \$2,000.00 and cashier's check for \$8,001.00
NOT ACCEPTABLE – Total dollar amount is \$10,001.00, which exceeds \$10,000.00 limit.
- Certified check for \$10,000.05
NOT ACCEPTABLE – Total dollar amount is \$10,000.05, which exceeds \$10,000.00 limit.

3. Automated Clearing House (ACH) Transfers and checks from the United States, the State of Ohio, or Ohio municipalities.
4. Checks from a real estate broker's escrow/trust account.

While the Ohio statute defines what is acceptable as Good Funds, following the statutory guidelines will not protect the settlement agent from liability for loss arising from uncollected funds.

Are there any other conditions for Good Funds?

Yes, the funds must be immediately available for withdrawal and disbursement by the agent for the transaction.

For additional information regarding Good Funds, please consult with your closing agent.

*See ORC §1349.21, Consumer Protection – Disbursing from an escrow account, effective 01/01/1996, amended effective 04/06/2017, and 09/29/2017 for further details.

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