

# **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 April 6, 2017, the following are the only form of funds a settlement agent may collect and disburse on in connection with a residential real estate transition:

### **1. Wire Transfers**

2. **Checks:** Personal, Business, Certified, Cashier's, Official Checks or Money Order. The combined dollar amount of these items cannot exceed \$10,000.00

Examples:

ACCEPTABLE – Total dollar amount is \$9,979.00 which is less than \$10,000.00

☑ Money order for \$200.00 and cashier's check for \$801.00

NOT ACCEPTABLE – Total dollar amount is \$10,001.00 which exceeds \$10,000.00 limit

☑ Certified check for \$1,000.05

NOT ACCEPTABLE – Total dollar amount is \$10,000.05 which exceeds \$10,000.00 limit

☑ Personal check for \$858.00

ACCEPTABLE – Total dollar amount is less than \$10,000.00

3. **Automated Clearing House (ACH)** Transfers and checks *only* 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.