



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

SB2786

Introduced 2/15/2008, by Sen. Don Harmon

SYNOPSIS AS INTRODUCED:

215 ILCS 155/26 new

Amends the Title Insurance Act. Provides that a title insurance company, title insurance agent, or independent escrowee shall not make disbursements in connection with any escrows, settlements, or closings out of a fiduciary trust account or accounts unless the funds in the aggregate amount of \$50,000 or greater received from any single party to the transaction are wired funds unconditionally held by and irrevocably credited to the fiduciary trust account of the title insurance company, title insurance agent, or independent escrowee; are good funds as defined in the provision; or are collected funds as defined in the provision. Provides that a title insurance company or title insurance agent shall not make disbursements in connection with any escrows, settlements, or closings out of a fiduciary trust account or accounts unless the funds in the amount of less than \$50,000 received from any single party to the transaction are collected funds or good funds as defined in the provision. Provides that a lender or any other party to a transaction, using the closing or settlement services of a title insurance company, title insurance agent, or independent escrowee shall, at or before the time of closing or settlement, deliver its funds to the title insurance company, the title insurance agent, or the independent escrowee in the form as required by the provision. Effective January 1, 2009.

LRB095 19143 KBJ 45356 b

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Title Insurance Act is amended by adding
5 Section 26 as follows:

6 (215 ILCS 155/26 new)

7 Sec. 26. Settlement funds.

8 (a) A title insurance company, title insurance agent, or
9 independent escrowee shall not make disbursements in
10 connection with any escrows, settlements, or closings out of a
11 fiduciary trust account or accounts unless the funds in the
12 aggregate amount of \$50,000 or greater received from any single
13 party to the transaction are wired funds unconditionally held
14 by and irrevocably credited to the fiduciary trust account of
15 the title insurance company, title insurance agent, or
16 independent escrowee; are good funds as defined in paragraphs
17 (6) or (7) of subsection (c) of this Section; or are collected
18 funds as defined in subsection (d) of this Section.

19 (b) A title insurance company or title insurance agent
20 shall not make disbursements in connection with any escrows,
21 settlements, or closings out of a fiduciary trust account or
22 accounts unless the funds in the amount of less than \$50,000
23 received from any single party to the transaction are collected

1 funds or good funds as defined in subsection (c) of this
2 Section.

3 (c) "Good funds" means funds in one of the following forms:

4 (1) lawful money of the United States;

5 (2) wired funds unconditionally held by and
6 irrevocably credited to the fiduciary trust account of the
7 title insurance company, the title insurance agent, or
8 independent escrowee;

9 (3) cashier's checks, certified checks, bank money
10 orders, official bank checks, or teller's checks drawn on
11 or issued by a federally insured financial institution and
12 unconditionally held by the title insurance company, title
13 insurance agent, or independent escrowee;

14 (4) a personal check or checks in an aggregate amount
15 not exceeding \$5,000 per closing, provided that the title
16 insurance company, title insurance agent, or independent
17 escrowee has reasonable and prudent grounds to believe that
18 sufficient funds are available for withdrawal in the
19 account upon which the check is drawn at the time of
20 disbursement;

21 (5) a check drawn on the trust account of any lawyer or
22 real estate broker licensed under the laws of any state,
23 provided that the title insurance company, title insurance
24 agent, or independent escrowee has reasonable and prudent
25 grounds to believe that sufficient funds are available for
26 withdrawal in the account upon which the check is drawn at

1 the time of disbursement;

2 (6) a check issued by this State, the United States, or
3 a political subdivision of this State or the United States;

4 or

5 (7) a check drawn on the fiduciary trust account of a
6 title insurance company or title insurance agent, provided
7 that the title insurance company, title insurance agent, or
8 independent escrowee has reasonable and prudent grounds to
9 believe that sufficient funds are available for withdrawal
10 in the account upon which the check is drawn at the time of
11 disbursement.

12 (d) "Collected funds" means funds deposited, finally
13 settled, and credited to the title insurance company, title
14 insurance agent, or independent escrowee's fiduciary trust
15 account.

16 (e) A lender or any other party to a transaction, using the
17 closing or settlement services of a title insurance company,
18 title insurance agent, or independent escrowee shall, at or
19 before the time of closing or settlement, deliver its funds to
20 the title insurance company, the title insurance agent, or the
21 independent escrowee in the form as required by this Section.

22 Section 99. Effective date. This Act takes effect January
23 1, 2009.