

SB3180



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

SB3180

Introduced 2/1/2012, by Sen. John G. Mulroe

SYNOPSIS AS INTRODUCED:

215 ILCS 155/26

Amends the Title Insurance Act to add an exception to the prohibition against a title insurance company, title insurance agent, or independent escrowee making disbursements in connection with any escrows, settlements, or closings out of a fiduciary trust account or accounts if the funds are good funds and the title insurance company, title insurance agent, or independent escrowee and the financial institution, as defined by the Act, are known to each other and agree to the use of these funds

LRB097 18837 RPM 64075 b

A BILL FOR

1 AN ACT concerning insurance.

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 changing
5 Section 26 as follows:

6 (215 ILCS 155/26)

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 good funds as defined in
14 paragraphs (2), (6), or (7) of subsection (c) of this Section, ~~and~~
15 ~~or~~ are collected funds as defined in subsection (d) of this
16 Section, or are good funds as defined in paragraph (3) of
17 subsection (c) of this Section and the title insurance company,
18 title insurance agent, or independent escrowee and the
19 financial institution, as defined by this Act, are known to
20 each other and agree to the use of these funds.

21 For the purposes of this subsection (a), where funds in the
22 aggregate amount of \$50,000 or greater are received from any
23 purchaser of residential real property, as defined in paragraph

1 (14) of Section 3 of this Act, the aggregate amount may consist
2 of good funds of less than \$50,000 per paragraph, as defined in
3 paragraphs (3) and (5) of subsection (c) of this Section and of
4 up to \$5,000 in good funds, as defined in paragraph (4) of
5 subsection (c) of this Section.

6 (b) A title insurance company or title insurance agent
7 shall not make disbursements in connection with any escrows,
8 settlements, or closings out of a fiduciary trust account or
9 accounts unless the funds in the amount of less than \$50,000
10 received from any single party to the transaction are collected
11 funds or good funds as defined in subsection (c) of this
12 Section.

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

14 (1) lawful money of the United States;

15 (2) wired funds unconditionally held by and credited to
16 the fiduciary trust account of the title insurance company,
17 the title insurance agent, or independent escrowee;

18 (3) cashier's checks, certified checks, bank money
19 orders, official bank checks, or teller's checks drawn on
20 or issued by a financial institution chartered under the
21 laws of any state or the United States and unconditionally
22 held by the title insurance company, title insurance agent,
23 or independent escrowee;

24 (4) a personal check or checks in an aggregate amount
25 not exceeding \$5,000 per closing, provided that the title
26 insurance company, title insurance agent, or independent

1 escrowee has reasonable grounds to believe that sufficient
2 funds are available for withdrawal in the account upon
3 which the check is drawn at the time of disbursement;

4 (5) a check drawn on the trust account of any lawyer or
5 real estate broker licensed under the laws of any state,
6 provided that the title insurance company, title insurance
7 agent, or independent escrowee has reasonable grounds to
8 believe that sufficient funds are available for withdrawal
9 in the account upon which the check is drawn at the time of
10 disbursement;

11 (6) a check issued by this State, the United States, or
12 a political subdivision of this State or the United States;
13 or

14 (7) a check drawn on the fiduciary trust account of a
15 title insurance company or title insurance agent, provided
16 that the title insurance company, title insurance agent, or
17 independent escrowee has reasonable grounds to believe
18 that sufficient funds are available for withdrawal in the
19 account upon which the check is drawn at the time of
20 disbursement.

21 (d) "Collected funds" means funds deposited, finally
22 settled, and credited to the title insurance company, title
23 insurance agent, or independent escrowee's fiduciary trust
24 account.

25 (e) A purchaser, a seller, or a lender is each considered a
26 single party to the transaction for the purposes of this

1 Section, regardless of the number of people or entities making
2 up the purchaser, seller, or lender.

3 (Source: P.A. 96-645, eff. 1-1-10; 96-1457, eff. 1-1-11.)