Chapter 45A.
Good Funds Settlement Act.

§ 45A-1. Short title.
This Chapter shall be known as the Good Funds Settlement Act. (1995 (Reg. Sess., 1996), c. 714, s. 1.)

This Chapter applies only to real estate transactions involving a one-to four-family residential dwelling or a lot restricted to residential use. (1995 (Reg. Sess., 1996), c. 714, s. 1.)

As used in this Chapter, unless the context otherwise requires:

1. "Bank" means a financial institution, including but not limited to a national bank, state chartered bank, savings bank, or credit union that is insured by the Federal Deposit Insurance Corporation or a comparable agency of the federal or state government.

2. "Borrower" means the maker of the promissory note evidencing the loan to be delivered at the closing.

3. "Cashier's check" means a check that is drawn on a bank, is signed by an officer or employee of the bank on behalf of the bank as drawer, is a direct obligation of the bank, and is provided to a customer of the bank or acquired from the bank for remittance purposes.

4. "Certified check" means a check with respect to which the drawee bank certifies by signature on the check of an officer or other authorized employee of the bank that (i) the signature of the drawer on the check is genuine and the bank has set aside funds that are equal to the amount of the check and will be used to pay the check or (ii) the bank will pay the check upon presentment.

5. "Closing" means the time agreed upon by the purchaser, seller, and lender (if applicable), when the execution and delivery of the documents necessary to consummate the transaction contemplated by the parties to the contract occurs, and includes a loan closing.

6. "Closing funds" means the gross or net proceeds of the real estate transaction, including any loan funds, to be disbursed by the settlement agent as part of the disbursement of settlement proceeds on behalf of the parties.

7. "Collected funds" means funds deposited and irrevocably credited to a settlement agent's account used to fund the disbursement of settlement proceeds which account is a trust account, escrow account, or an account held by a company or its subsidiary which is licensed and supervised by the North Carolina Commissioner of Banks.

8. "Disbursement of settlement proceeds" means the payment of all closing funds from the transaction by the settlement agent to the persons or entities entitled to that payment.

9. "Lender" means any person or entity engaged in making or originating loans secured by mortgages or deeds of trust on real estate.
"Loan closing" means the time agreed upon by the borrower and lender, as applicable, when the execution and delivery of loan documents by the borrower occurs.

"Loan documents" means the note evidencing the debt due to the lender, the deed of trust or mortgage to secure that debt to the lender, and any other documents required by the lender to be executed by the borrower as part of the loan closing transaction.

"Loan funds" means the gross or net proceeds of the loan to be disbursed by the settlement agent as part of the disbursement of settlement proceeds on behalf of the borrower and lender.

"Party" or "parties" means the seller, purchaser, borrower, lender, and settlement agent, as applicable to the subject transaction.

"Settlement" means the time when the settlement agent has received the duly executed deed, deed of trust or mortgage, and other loan documents and funds required to carry out the terms of the contracts between the parties.

"Settlement agent" means the person or persons responsible for conducting the settlement and disbursement of the settlement proceeds, and includes any individual, corporation, partnership, or other entity conducting the settlement and disbursement of the closing funds.

"Teller's check" means a check provided to a customer of a bank or acquired from a bank for remittance purposes, that is drawn by the bank, and drawn on another bank or payable through or at a bank. (1995 (Reg. Sess., 1996), c. 714, s. 1.)


(a) The settlement agent shall cause recordation of the deed, if any, the deed of trust or mortgage, or other loan documents required to be recorded at settlement. The settlement agent shall not disburse any of the closing funds prior to verification that the closing funds used to fund disbursement are deposited in the settlement agent's trust or escrow account in one or more forms prescribed by this Chapter. A settlement agent may disburse funds from the settlement agent's trust or escrow account (to either the applicable register of deeds or directly to a private company authorized to electronically record documents with the office of the register of deeds) as necessary to record any deeds, deeds of trust, and any other documents required to be filed in connection with the closing, including excise tax (revenue stamps) and recording fees, but the settlement agent shall not disburse any other funds from its trust or escrow account until the deeds, deeds of trust, and other required loan documents have been recorded in the office of the register of deeds. Unless otherwise provided in this Chapter, a settlement agent shall not cause a disbursement of settlement proceeds unless those settlement proceeds are collected funds. Notwithstanding that a deposit made by a settlement agent to its trust or escrow account does not constitute collected funds, the settlement agent may cause a disbursement of settlement proceeds from its trust or escrow account in reliance on that deposit if the deposit is in one or more of the following forms:

(1) A certified check.
(2) A check issued by the State, the United States, a political subdivision of the State, or an agency or instrumentality of the United States, including an agricultural credit association.

(3) A cashier's check, teller's check, or official bank check drawn on or issued by a financial institution insured by the Federal Deposit Insurance Corporation or a comparable agency of the federal or state government.

(4) A check drawn on the trust account of an attorney licensed to practice in North Carolina.

(5) A check or checks drawn on the trust or escrow account of a real estate broker licensed under Chapter 93A of the General Statutes.

(6) A personal or commercial check or checks in an aggregate amount not exceeding five thousand dollars ($5,000) per closing if the settlement agent making the deposit has reasonable and prudent grounds to believe that the deposit will be irrevocably credited to the settlement agent's trust or escrow account.

(7) A check drawn on the account of or issued by a mortgage lender licensed under Article 19B of Chapter 53 of the General Statutes.

(b) If the settlement agent receives information from the lender as provided in G.S. 45A-5(b) or otherwise has actual knowledge that a mortgage broker or other person acted as a mortgage broker in the origination of the loan, the settlement agent shall place an entry on page 1 of the deed of trust showing the name of the mortgage broker or other person that acted as a mortgage broker in the origination of the loan. Information pertaining to the identity of the mortgage broker or other person that acted as a mortgage broker in the origination of the loan is not confidential information. The term "mortgage broker" has the same meaning as provided in G.S. 53-244.030. (1995 (Reg. Sess., 1996), c. 714, s. 1; 2001-420, ss. 1, 2; 2007-176, s. 1; 2014-115, s. 36; 2021-93, s. 1.)

§ 45A-4.1. (Expires March 1, 2021) Disbursement during certain declarations of emergency.

(a) Notwithstanding any other provision of this Chapter, in real estate transactions involving a one- to four-family residential dwelling or a lot restricted to residential use, a settlement agent may, in accordance with this section, make disbursement of closing funds prior to recordation of the deeds, deeds of trust, and any other required loan documents in the office of the register of deeds.

(b) No disbursement of closing funds prior to recordation shall be made under this section, unless all the following apply:

(1) On the date of closing, the office of the register of deeds where the deeds, deeds of trust, and any other required loan documents are to be recorded meets the following criteria:
   a. Is located within the emergency area under G.S. 166A-19.20.
   b. Is closed to the public as a result of the declaration of emergency.
   c. Is unable to accept documents for recording by any method, including in-person or electronic recording.
(2) The lender's closing instructions authorize disbursement of closing funds prior to recording.

(3) All parties agree in writing to all the following:
   a. To waive the requirement of G.S. 45A-4 that the settlement agent shall not disburse closing funds until the deeds, deeds of trust, and any other required loan documents are recorded in the office of the register of deeds.
   b. That they acknowledge that the recordation date may not be known on the date of closing and the date of recordation by the settlement agent is governed by subsection (d) of this section.
   c. That they are aware of the risks and implications of proceeding with disbursement of closing funds and, if applicable, transfer of possession of property prior to recordation.
   d. That after disbursement of closing funds and prior to recordation, no party to the transaction will take any action to impair the quality of the title in law or equity.
   e. Any other terms the parties or the closing instructions require as a condition of disbursement of closing funds prior to recording.

(4) The settlement agent does all the following:
   a. Complies with all conditions of the closing instructions.
   b. Procures a commitment of title insurance providing for title insurance that includes indemnity coverage for the gap period between the date of disbursement of closing funds and the date of recordation of the necessary documents.
   c. Updates the applicable title from the date of the preliminary title opinion to the time of disbursement using those public records reasonably available to the settlement agent on the date of disbursement.

(c) In all transactions under this section in which the settlement agent makes a disbursement of closing funds prior to recordation, the settlement agent shall hold in a fiduciary capacity until the time provided in subsection (d) of this section all deeds, deeds of trust, and any other required loan documents that are to be recorded.

(d) The authority under this section for the settlement agent to disburse closing proceeds prior to recordation of the deeds, deeds of trust, and any other required loan documents shall terminate on the earlier of the date the office of the register of deeds reopens for the transaction of public business or begins to accept documents for electronic recording. Within three business days of the time set forth in this subsection, the settlement agent shall record all deeds, deeds of trust, and any other required loan documents being held under subsection (c) of this section and shall immediately notify all parties that the documents have been recorded. (2020-3, s. 4.12(a); 2020-80, s. 2.8.)

§ 45A-5. Duty of lender, purchaser, or seller.
(a) The lender, purchaser, or seller shall, at or before closing, deliver closing funds, including the gross or net loan funds, if applicable, to the settlement agent either in the form of collected funds or in the form of a negotiable instrument described in G.S. 45A-4(a)(1) through
(7), provided that the lender, purchaser, or seller, as applicable, shall cause that negotiable instrument to be honored upon presentment for payment to the bank or other depository institution upon which the instrument is drawn. However, in the case of a refinancing, or any other loan where a right of rescission applies, the lender shall, no later than the business day after the expiration of the rescission period required under the federal Truth-in-Lending Act, 15 U.S.C. § 1601, et seq., cause disbursement of loan funds to the settlement agent in one or more of the forms prescribed by provisions in this Chapter.

(b) **(For applicability date, see note)** The lender shall include in the loan closing instructions to the settlement agent the name of the mortgage broker or other person, if any, who acted as a mortgage broker in the origination of the loan. (1995 (Reg. Sess., 1996), c. 714, s. 1; 2007-176, s. 2.)


Failure to comply with the provisions of this Chapter shall not govern the validity or enforceability of any document, including a deed or any loan document, executed and delivered at any settlement occurring after October 1, 1996. (1995 (Reg. Sess., 1996), c. 714, s. 1.)


Any party violating this Chapter is liable to any other party suffering a loss due to that violation for that other party's actual damages plus reasonable attorneys' fees. In addition, any party violating this Chapter shall pay to the party or parties suffering a loss an amount equal to one thousand dollars ($1,000) or double the amount of interest payable on any loan for the first 60 days after the loan closing, whichever amount is greater. (1995 (Reg. Sess., 1996), c. 714, s. 1.)


(a) All closing funds received by a settlement agent are trust or escrow funds received by the settlement agent in a fiduciary capacity.

(b) A settlement agent in the disbursement of settlement proceeds shall account for and pay the closing funds to the parties or entities identified for payment of the closing funds pursuant to the settlement agreement approved by the parties to the transaction.

(c) Except as to such portions of the closing funds representing the settlement agent's fees and expenses, a settlement agent shall be subject to the embezzlement provisions of G.S. 14-90. (2009-348, s. 2.)

§ 45A-9. Interest on settlement agent's real estate trust and escrow accounts.

(a) A settlement agent who maintains a trust or escrow account for purposes of receiving and disbursing closing funds and loan funds shall pay any interest earned on funds held in those accounts to the North Carolina State Bar to be used for the purposes authorized by the North Carolina State Bar under the Interest on Lawyers' Trust Account Program.

(b) The North Carolina State Bar shall adopt rules for the collection and disbursement of funds required to be paid to the North Carolina State Bar under subsection (a) of this section. (2011-336, s. 3.)