

## EARNEST MONEY GUIDELINES

Earnest Money represents the funds presented by the Buyer to Seller with an offer/contract to purchase property, showing good faith.

- Buyer's should check with their Lender and verify what type of payment is acceptable for the Earnest Money Deposit. The Lender may choose to not accept: 1) A check drawn on another person's account; or 2) Cash. By presenting the Earnest Money in the form of a check or cashier's check it creates a paper trail for the transaction.
- When the Closing date is within 5 days, the funds must be in the form of either a cashier's check, or wired funds.
- A personal "out of state" check normally takes ten (10) business days to clear the Bank.
- Verify on the Contract the holder of the Earnest Money. (i.e. Title Company or Seller)
- The Earnest Money check must match the amount stated on the contract.
- Release of Earnest Money requires authorization of the Buyer and Seller on a separate form. The holder of the Earnest Money is not bound by the contract.
- These guidelines protect all parties of the transaction.

## ARE MONEY ORDERS CONSIDERED "GOOD FUNDS"?

According to the Good Funds Law in Kansas, the only money orders that are acceptable are:

- 1) A **bank** money order issued by and written on the same bank; OR
- 2) Money orders issued by non-banks, such as Convenience Stores, Grocery Stores, and Western Union, **ONLY** when the amount does not exceed \$2,500.00.
- 3) When Money Orders are used, the Money Order must be signed by the Buyer.  
If not signed the Money Order has no value.

The Good Funds Law in Kansas clearly defines wired funds, cashier's checks, and **bank** money orders as acceptable funds in real estate transactions.