

 CASH money

Recently, an office received a request from a very good customer who was in the process of purchasing an investment property. He asked his escrow officer, Linda Hand, to accept \$12,400 in cash towards the purchase.

Linda knew she would have to file IRS Form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business, but it had been a while so she picked up the phone and called National Escrow Administration for guidance. The Corporate Escrow Administrator explained she would have to let her customer know she was unable to accept the cash.

Linda did not want to say “no” to her good customer so she did what any successful escrow officer would do; she pushed for approval to accept the cash. The Corporate Escrow Administrator walked her through all the issues by asking her some key questions.

Q: How will you secure the cash at the office in case you are robbed, or someone comes back for the cash?

A: It will be locked up.

The escrow administrator was concerned about where it would be locked up and how, so she pressed on.

Q: Who would be the one taking the cash to the bank and does that person know the bank will report the large cash deposit to the IRS and other federal regulators in their name, not the buyer’s name?

A: Why? What difference did that make?

The Corporate Escrow Administrator advised Linda to be sure that person takes their identification with them because the bank will need it along with their social security number in order to properly report the cash deposit.

Linda said she would be sure to pass that information on.

Q: How will the person taking the cash to the bank get there safely? What if someone is watching them, waiting for just the right time to mug them?

A: I will talk to my branch manager about that.

Q: How will she know if any of the funds were counterfeit or not?

A: We must have one of those testing pens laying around the office.

The escrow administrator advised her if they miss a counterfeit item, the bank would catch it and the person making the deposit would have to explain this to the authorities, since the bank will call the local police.

Q: Have you contacted the bank to ensure they would be willing to accept that much cash?

A: (Long pause) Why wouldn't they accept the cash?

The escrow administrator explained banks often do not accept large amounts of cash. The only place to remit large sums of cash is at a Federal Reserve Bank. Linda hung up the phone and called the bank to confirm they would not accept the cash. She called her customer and gave him the bad news.

Safety is the number one reason the Company does not accept cash payments. Ensuring the safety of the Company's number one commodity — our employees — is top priority. Accepting cash at our offices could jeopardize the safety of our employees and could create a potential IRS mess for an employee depositing cash on the behalf of a customer. The Company's stance is to explain to your customer why we do not accept cash.

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