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# The Future of Closings: Real-Time Payments for Virginia Title Companies

## Description

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Over the past few years, always-available instant payment systems have emerged to help businesses send and receive payments faster and more securely. These platforms were promptly embraced by a wide range of businesses and are increasingly being adopted by title companies across the US.

In this article, we discuss how instant payment systems can help your title company streamline the closing process by speeding up disbursements for escrowed funds, agent commissions and professional fees.

### What are real-time payments?

Instant payments, more commonly known as real-time payments, are electronic funds transfers that are processed and completed in a fraction of the time of more traditional electronic transfers such as ACH and wire transfers are completed.

Instant payments in the US are currently processed through two systems: The Real-Time Payment, or RTP<sup>®</sup>, network, offered by The Clearing House<sup>®</sup> and the FedNow<sup>®</sup> network, offered by the Federal Reserve.

As the names suggest, these networks allow you to quickly send and receive payments with immediate access to the funds. Money can be transferred 24 hours a day, 7 days a week, 365 days a year. All insured US depository institutions are eligible to use the networks.

The networks also allow your title company to:

- Post transactions to receivers' accounts within seconds
- Include remittance information with each payment
- Send payment confirmation to the payee and payer
- Offer instant payment and settlement

### Key advantages of using real-time payments at your closings

When you adopt real-time payments at your title company, the benefits can go beyond sending and receiving faster payments. Once set up, your new payment system can help differentiate your business from competitors through the following capabilities:

- **Always available:** Funds may be transferred at all hours of the day, every day of the year
- **Operationally efficient:** Helps your accounts payable and receivable teams streamline reconciliations and reduces reliance on manual efforts
- **Improved transparency:** Payers and payees receive real-time status updates

- **Increased security:** Reduces risks associated with payment fraud by employing advanced fraud screening technology like multi-factor authentication and real-time fund availability validation.

These capabilities allow your company to provide more flexible closings, including the ability to fund during nights and weekends and other holidays outside traditional banking hours.

For Virginia title companies, the instant availability of funds is particularly helpful as it can fulfill the legal requirements of the Virginia Wet Settlement Act to have all real estate transaction funds available at the time of closing. Using real-time payments, funds may be dispersed immediately upon recording of the closing documents.

## RTP network adoption is rapidly increasing

Given the range of benefits real-time payments offer, it's not surprising that innovative businesses have been embracing it since its launch. The RTP network introduced in 2017 by The Clearing House and the most widely adopted network now processes more than 100 million transactions per quarter and reaches more than 60% of demand deposit accounts in the US. This network is a convenient solution for a wide range of payments, allowing up to \$10 million per transaction.

On January 31, 2025, [more than 1 billion total transactions were processed over the RTP network](#) a first for the new payment system. Looking forward, 77% of businesses expect to receive their business-to-business transactions with RTP by 2028 and 76% expect to send their payments with RTP during that year, according to the July 2024 Clearing House Real-Time Rundown Newsletter.

Payment dollars have also ramped up fast on the RTP network. The Clearing House recently reported that roughly 107 million RTP transactions reported during the second quarter of 2025 equated to roughly \$481 billion, compared to the 80 million transactions and \$55 billion reported during the second quarter of 2024.

## Three ways Virginia title companies benefit when using real-time payments

By integrating real-time payments, title companies are transforming how they move money from one place to the next. Here are three use cases that illustrate how transfers are streamlined:

### 1. Earnest Money Deposits

- **Traditional process:** Buyer delivers a check or sends a wire, which may take 1-2 business days or more to clear.
- **Using real-time payments:** Buyer initiates an instant transfer through a secure link and funds are received and verified in seconds.
- **Benefit:** Real-time payment's increased transfer speed and security measures reduce the risks commonly associated with traditional payment methods.

### 2. Settlement and Closing Disbursements

- **Traditional process:** Escrow officers wire funds to multiple parties, like sellers and agents, which may not settle until end of the day or the next day.

- **Using real-time payments:** Escrow companies initiate real-time payments directly to sellers, real estate agents, lenders or other stakeholders. Funds arrive within seconds, 24/7, with immediate confirmation.
- **Benefits:** Faster closings, reduced reliance on cutoff times and increased trust from stakeholders.

### 3. Disbursing Commissions and Vendor Payments

- **Traditional process:** Title companies issue checks or wires post-closing.
- **Using real-time payments:** Commission payments or invoices to vendors like title insurance underwriters are paid immediately.
- **Benefits:** Speeds up compensation and strengthens partner relationships.

#### Examining the risks of instant payments

As businesses embrace financial innovations, concerns about risk are inevitable. The good news is that the risks associated with sending and receiving real-time payments are minimal.

As a payer, extra care is needed to ensure payee information is correct prior to making instant payments because, like cash, instant payments are final. Also, financial institutions aren't responsible for resolving payment disputes, so any issues that arise must be addressed directly by payers and payees.

With RTP, ensuring payment information is correct can be done through ISO 20022, a robust messaging standard designed for global financial communications. ISO 20022 supports real-time payments by allowing detailed remittance data to accompany each transaction. The standard also enhances transparency and security by providing real-time, automated confirmations of each payment.

To mitigate the risks involved as a payer, discuss the use of instant payments with the banks and mortgage lenders you work with. It's critical to confirm all lenders involved support instant payments and have the infrastructure in place to facilitate these transactions and always use secure channels such as encryption when exchanging financial information for instant payments.

As a payee, the risks are negligible. Payees receive immediate access to funds, irrevocable transfers and confirmation for each payment. Given their speed, cost savings and convenience, a potentially greater worry is the risk of not accepting instant payments at your title company.

The chart below compares Real-Time Payments with other common payment methods that your company may be using today.

Payment Type	Payment Speed	Typical Transaction Cost	Payment Availability
Cashier's or Certified Check	1-2 business day	Up to \$20	Up to 7-10 business days

Automated Clearing House (ACH)	1-3 business days	Up to \$1.50	Business hours only with limited weekends/holidays.
Same-Day ACH	Same business day	Up to \$5	Business hours only with daily cutoff times.
Wire Transfers	Within minutes (Domestically)	\$25 to \$50	Typically limited to business hours and days only.
Real-Time Payments (RTP)	Instant	Up to \$5	24/7 including weekends and holidays.

When your title company transitions from traditional payment methods to real-time payments, you're able to increase payment speed, reduce transaction costs and transfer funds at any time of day throughout the year.

### The bottom line

Given the continued strong pace of home sales throughout Virginia, adopting streamlined processes like real-time payments is worth considering. Faster transactions, easier reconciliation and 24/7/365 service levels have helped make real-time payments increasingly popular over the past several years. And the nominal transaction costs also help make a compelling case.

### For more information

If you would like to learn more about real-time payments, reach out to First Citizens Bank today.

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