



# IMPORTANT NOTICE

# FinCEN Geographic Targeting Order

What you need to know about the new reporting requirements

On July 26, 2016, the Financial Crimes Enforcement Network (“FinCEN”), a bureau of the United States Department of Treasury, issued a Geographical Targeting Order (“GTO”) requiring title insurers, their subsidiaries and agents, to report certain information in connection with the purchase of 1-4 unit residential real properties in Covered Transactions. A “Covered Transaction” is an all-cash transaction in which the property is being purchased by a limited liability company, corporation, partnership or a similar legal or business entity, and the purchase price is \$2,000,000 or more (for properties in the counties of San Diego, Los Angeles, San Francisco, San Mateo or Santa Clara, California). If a property is being purchased in a Covered Transaction that meets these criteria, the proposed insured purchaser must provide all information necessary for our Company to complete IRS form 8300. The required information must include the names, addresses, social security numbers and copies of the driver’s licenses, passports or other similar identification for the party representing purchaser at closing and for all “Beneficial Owners” of the purchaser. In the case of a purchaser that is a corporation, the “Beneficial Owners” are all natural persons who directly or indirectly own 25% or more of the equity interests (capital stock) of the purchaser. If the purchaser is a limited liability company or a partnership, the Beneficial Owners will be deemed to be all of the Members of the LLC, or all of the partners of the Partnership. A Covered Transaction cannot be closed, and this issuing agent and/or its underwriter cannot insure property purchased in a Covered Transaction until this information is received and reviewed by our Company. Transactions that are exempt from reporting under the FinCen GTO are those in which the purchase price is funded entirely by wire, or in which the purchaser is a natural person or a trustee of a trust. The GTO is effective for transactions closed between August 28, 2016 and February 23, 2017, but may be renewed for additional periods at the discretion of FinCen.

### WHAT ARE COVERED TRANSACTIONS?

While the GTO is more comprehensive than this summary, basic criteria for a Covered Transaction are the following:

- the property being purchased is 1-4 unit residential property;
- the property is located in any of the designated counties of California
- the sales price meets the designated threshold amount;
- the purchaser is a legal entity (i.e., a corporation, LLC, partnership or similar business entity);
- the property is purchased without a loan or similar form of external financing; and
- any portion of the purchase price is paid using currency, cashier’s check, certified check, traveler’s check, money order, personal check or business check.

### WHAT DOES THIS MEAN FOR OUR BUSINESS PARTNERS?

While the GTO remains in effect, Preliminary Reports and Title Insurance Commitments issued in connection with potentially Covered Transactions will contain a new Schedule B Requirement stating:

*“This transaction may be subject to the FinCEN Geographic Targeting Order affecting residential sale transactions. This issuing agent must be provided with information prior to closing sufficient to determine if IRS/FinCEN Form 8300 must be completed and filed and must be provided information sufficient to meet the records retention requirements of the FinCEN Geographic Targeting Order. This transaction will not be insured, and this issuing agent and/or its underwriter will not be involved in a Covered Transaction (as defined by the FinCEN Geographic Targeting Order) until this information is submitted and reviewed by the issuing agent.”*

To satisfy this Requirement, our Company may need to obtain additional information from other parties involved in the transaction. If we cannot obtain the necessary information, we will be unable to close the transaction or issue a title insurance policy.

As your provider of title insurance, it is important to us that you are informed about this change in procedures and we will be following up with you in the near future regarding the specific requirements for your transactions.

State	Covered Jurisdiction (Counties)	Sale Price Threshold
CA	Los Angeles, San Diego, San Francisco, San Mateo, Santa Clara	\$2 Million

These reporting requirements also apply to other states and counties (New York, Florida and Texas). For a full list, please view the order: <http://www.titleadvantage.com/mdocs/GTOJuly2016.pdf>

[www.caltitle.com](http://www.caltitle.com) > Title Library > FINCEN GTO 2016 Order



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