



IMPORTANT NOTICE

FinCEN Geographic Targeting Order

What you need to know about the new reporting requirements

On August 22, 2017, the United States Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") issued an extension of the Geographic Targeting Order reporting requirements that affects residential real estate transactions involving real property in the in the counties of San Diego, Los Angeles, San Francisco, San Mateo or Santa Clara, California. These extended reporting requirements apply to "Covered Transactions" (as defined below) that occur

from September 22, 2017 until March 20, 2018. The GTO requires title insurance companies and their issuing agents to collect and report information about the persons involved in certain residential real estate transactions ("Covered Transactions") in which they are involved. **The GTO states that title insurance companies and issuing agents may be liable, without limitation, for civil or criminal penalties for violating any of the terms of the GTO.**

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, business check or a money order in any form, or a funds transfer.

****NOTE: Funds transfers include, but are not limited to, WIRE TRANSFERS.****

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: www.titleadvantage.com/mdocs/FinCEN_GTO_092017.pdf
www.caltitle.com > Title Library > FINCEN GTO 2017 Order



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