

REPORTING REQUIREMENTS EFFECTIVE ON TRANSACTIONS CLOSED BETWEEN NOVEMBER 12, 2019—MAY 9, 2020

*May be renewed for additional periods at the discretion of FinCEN

The Geographical Targeting Order (“GTO”) requires 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” cannot be closed, and Orange Coast Title Company and its underwriter cannot insure property purchased in a Covered Transaction until this information is received and reviewed. Transactions that are exempt from reporting under the FinCen GTO are those in which the lender is required to maintain an anti-money laundering policy or the purchaser is a natural person or a trustee of a trust unless the trust is a managing member/beneficial owner of the entity. Also exempt are purchases made by legal entities that are U.S. publicly traded companies.

Transactions that qualify as a “Covered Transaction” must meet the following criteria:

- 1-4 unit residential real properties.
- A transaction with a purchase price of \$300,000 or more.
- An all-cash transaction, or one involving financing by a hard money lender.
- Purchased by an LLC, corporation, partnership, or similar legal or business entity.
- Property must be located in the following counties:

CA- San Diego, Los Angeles, San Francisco, San Mateo, Santa Clara. **TX-** Bexar, Tarrant, Dallas. **FL-** Miami-Dade, Broward, Palm Beach. **NY-** Boroughs of Brooklyn, Queens, Bronx, Staten Island, Manhattan. **HI-** Honolulu. **NV-** Clark. **WA-** King. **MA-** Suffolk, Middlesex. **IL-** Cook

Information to complete IRS ALTA form includes:

- Names, addresses, social security numbers, driver’s licenses, passports (or similar identification) for the purchaser and all “beneficial owners”
- Corporation: information must be reported for all natural persons that own directly or indirectly 25% or more of the equity interests of the purchaser.
- LLC or Partnership: all members of the LLC or Partnership.

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 ALTA Form 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.”

As your provider of title insurance, it is important to us that you are informed about this change in procedure.

For questions on your transaction please contact OCT. This information is provided solely as a courtesy and is reliable but not guaranteed. For more information please contact FinCEN Resource Center (800) 767-2825.