

## REPORTING REQUIRED BY FinCEN FOR HOUSING MARKETS IN CALIFORNIA

The U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN) recently issued a Geographic Targeting Order (GTO) requiring Old Republic National Title Insurance Company (and other major underwriters) to report information about certain residential real estate transactions in the counties of Los Angeles, San Diego, San Francisco, San Mateo and Santa Clara

The purpose of the GTO is to identify potential money laundering. FinCEN has the authority to compel these reports under the USA PATRIOT Act.

This order becomes effective on August 28, 2016 and continues through February 23, 2017 (unless extended by FinCEN).

The GTO reporting requirement only applies to "Covered Transactions" as defined in the GTO.

These covered transactions include any real estate transactions that meet *all* of the following criteria:

1. The transaction involves residential property located in 5 California counties: Los Angeles, San Diego, San Francisco, San Mateo and Santa Clara.
2. The purchase price is two million dollars (\$2 million), or more.
3. The purchaser is a corporation, Limited Liability Company (LLC), partnership, or other similar legal entity. (The definition does not include natural persons or trusts).
4. The purchase is made without a bank loan or other similar form of institutional financing.
5. The purchaser pays any part of the purchase price using currency, cashier's checks, certified checks, traveler's checks, money orders, business checks or personal checks. Wire payments of the entire purchase price will not trigger the reporting requirement.

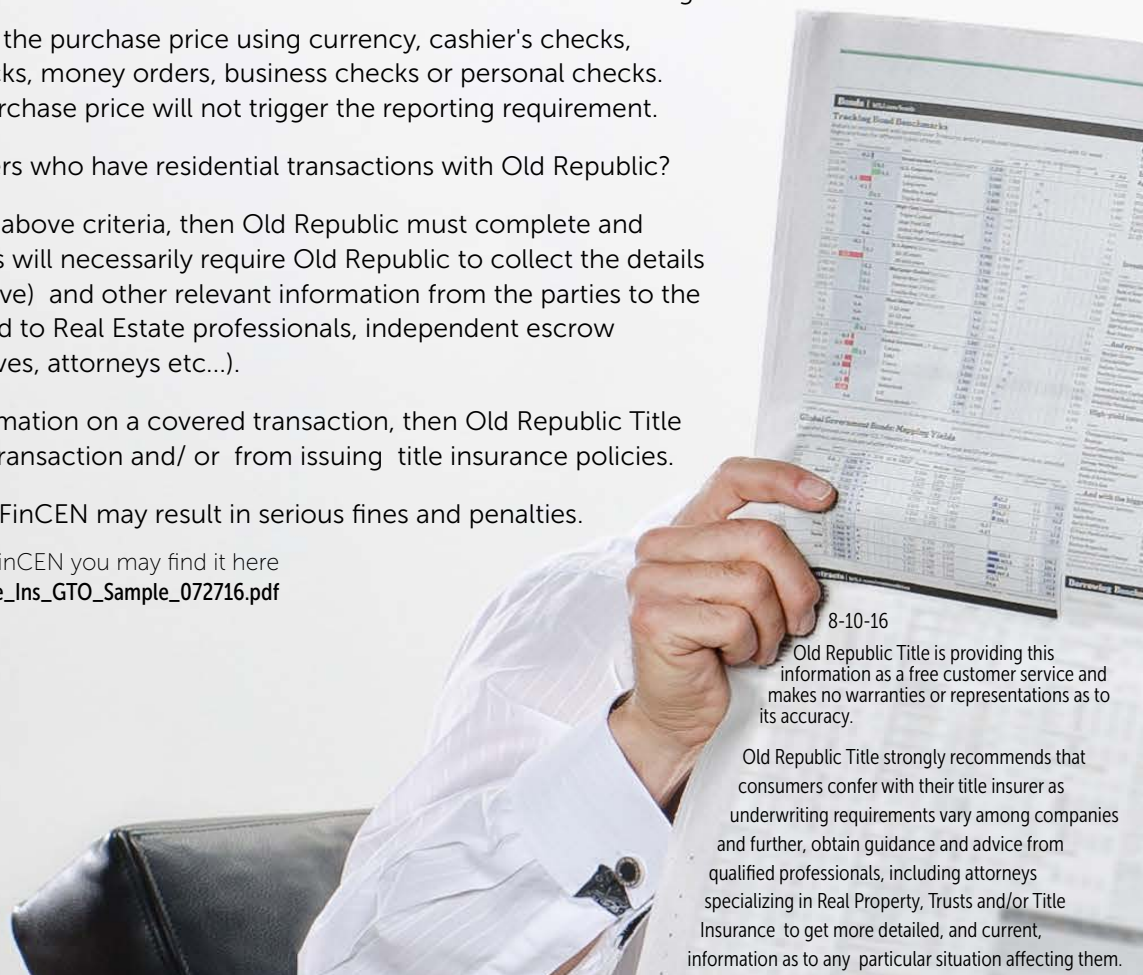
So what does this mean to customers who have residential transactions with Old Republic?

If a sale transaction meets all of the above criteria, then Old Republic must complete and submit a Form 8300 to FinCEN. This will necessarily require Old Republic to collect the details on the purchaser(s) (as defined above) and other relevant information from the parties to the transaction, including but not limited to Real Estate professionals, independent escrow companies, authorized representatives, attorneys etc...).

If a party does not provide the information on a covered transaction, then Old Republic Title will be precluded from closing the transaction and/ or from issuing title insurance policies.

Failure to follow the GTO issued by FinCEN may result in serious fines and penalties.

To view the entire GTO promulgated by FinCEN you may find it here  
[https://www.fincen.gov/news\\_room/nr/files/Title\\_Ins\\_GTO\\_Sample\\_072716.pdf](https://www.fincen.gov/news_room/nr/files/Title_Ins_GTO_Sample_072716.pdf)



Old Republic Title is providing this information as a free customer service and makes no warranties or representations as to its accuracy.

Old Republic Title strongly recommends that consumers confer with their title insurer as underwriting requirements vary among companies and further, obtain guidance and advice from qualified professionals, including attorneys specializing in Real Property, Trusts and/or Title Insurance to get more detailed, and current, information as to any particular situation affecting them.