



HOW DOES THE GEOGRAPHIC TARGETING ORDER AFFECT YOU?

On July 22, 2016, the Financial Crimes Enforcement Network (“FinCEN”), an agency of the United States Treasury Department, issued a Geographic Targeting Order directing title insurers and their agents to collect and report information about certain residential real estate transactions. The purpose of the Geographic Targeting Order is to assist law enforcement and regulatory agencies to identify potential money laundering.

The Geographic Targeting Order reporting requirement only applies to purchase transactions that meet ALL of the following criteria:

- 1** The property is a residential, not a commercial property
- 2** The purchaser is a corporation, limited liability company, partnership or similar legal or business entity, as opposed to a person or trust
- 3** The purchase is made without a bank loan or another similar form of institutional financing (absence of financing by a financial institution that is required to have an anti-money laundering policy)
- 4** Any portion of the purchase price (including earnest money) is paid using currency, a cashier’s check, a certified check, a traveler’s check, a personal check, a business check, or a money order in any form*
*transactions completed entirely by wire do not trigger reporting obligations

The Geographic Targeting Order applies only to transactions involving real estate in the following locations and price ranges in our area:

LOCATION OF PROPERTY	PURCHASE PRICE
The counties of San Diego, Los Angeles, San Francisco, San Mateo or Santa Clara, California	The total purchase price is \$2,000,000 or more

If your client’s purchase meets the criteria above, we will be required to report some of your client’s non-public personal information (“NPI”) to FinCEN within 30 days of the closing. If your buyer fails to provide the required information, the federal government has instructed title companies not to close the transaction.

The information that must be reported includes:

- 1** The identity of the purchaser (i.e., the legal entity that is purchasing the property)
- 2** The identity of the individual primarily responsible for representing the purchaser
- 3** The identity of the beneficial owner(s) of the legal entity purchasing the property (a beneficial owner is defined as each natural person who, directly or indirectly, owns 25% or more of the equity interests of the legal entity)

The title agent will also be required to obtain a copy of the driver’s license, passport, or other similar identifying documentation of each beneficial owner of the purchaser and the individual primarily responsible for representing the purchaser.

