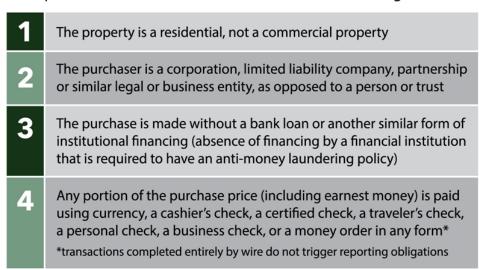


## HOW DOES THE GEOGRAPHIC TARGETING ORDER AFFECT YOU?

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:



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)

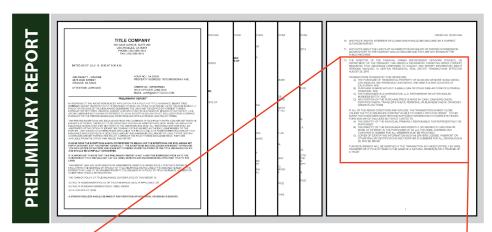
The title agent will also be required to obtain a copy of the driver's license, passport, or other similar identifying documentation of each beneficial owner of the purchaser and the individual primarily responsible for representing the purchaser.



## **FINCEN UPDATE TO PRELIM REPORT**

The Financial Crimes Enforcement Network ("FINCEN") has issued a Geographic Targeting Order to report information on certain real estate transactions. This new requirement is effective as of August 28, 2016.

Please note the revision to your title insurance preliminary report in Schedule B as seen below:



THE DIRECTOR OF THE FINANCIAL CRIMES ENFORCEMENT NETWORK ("FINCEN"), US DEPARTMENT OF THE TREASURY, HAS ISSUED A GEOGRAPHIC TARGETING ORDER ("ORDER") REQUIRING TITLE INSURANCE COMPANIES TO COLLECT AND REPORT INFORMATION ABOUT PERSONS INVOLVED IN CERTAIN RESIDENTIAL REAL ESTATE TRANSACTIONS EFFECTIVE AUGUST 28, 2016.

TRANSACTIONS COVERED BY THIS ORDER ARE-

- A) THE PURCHASE OF RESIDENTIAL PROPERTY OF \$2,000,000 OR MORE IN SAN DIEGO, LOS ANGELES, SAN FRANCISCO, SAN MATEO, AND SANTA CLARA COUNTIES OF CALIFORNIA; AND
- B) PURCHASE IS MADE WITHOUT A BANK LOAN OR OTHER SIMILAR FORM OF EXTERNAL FINANCING: AND
- C) THE PURCHASER IS A CORPORATION, LLC, PARTNERSHIP OR OTHER SIMILAR BUSINESS ENTITY; AND
- D) ANY PORTION OF THE PURCHASE PRICE IS MADE BY CASH, CASHIER'S CHECK, CERTIFIED CHECK, TRAVELER'S CHECK, PERSONAL OR BUSINESS CHECK, OR MONEY ORDER IN ANY FORM.

IF ALL OF THE ABOVE CONDITIONS ARE IN PLACE, THE TRANSACTION CANNOT CLOSE UNLESS THE TITLE INSURANCE COMPANY IS ABLE TO COMPLY WITH THE ORDER. IN THIS EVENT THE PURCHASER MUST PROVIDE SUFFICIENT INFORMATION TO COMPLETE FINCEN FORM 8300 WHICH INCLUDES BUT IS NOT LIMITED TO:

- A) THE IDENTITY OF THE INDIVIDUAL PRIMARILY RESPONSIBLE FOR REPRESENTING THE PURCHASER
- B) THE IDENTITY OF THE INDIVIDUALS WHO DIRECTLY OR INDIRECTLY OWN 25% OR MORE OF INTEREST IN THE PURCHASER (IF AN LLC THE NAME, ADDRESS AND TAXPAYER ID NUMBER FOR ALL MEMBERS MUST BE PROVIDED)
- C) COPIES OF IDENTIFYING INFORMATION SUCH AS DRIVERS LICENSE, PASSPORT OR OTHER SIMILAR IDENTIFICATION AND TAXPAYER ID NUMBERS FOR ALL INDIVIDUALS IN (A) AND (B) ABOVE.

THIS REQUIREMENT WILL BE REMOVED IF THE TRANSACTION IS FUNDED ENTIRELY BY WIRE TRANSFER OR IF TITLE IS TAKEN IN THE NAME OF A NATURAL PERSON(S) OR A TRUSTEE OF A TRUST.

Contact your **Equity Title** representative for more information on how this new law affects your transactions.

