



First American Title

**First American Title Insurance Company
CURRENT DEVELOPMENTS
SPECIAL EDITION**

As reported in Current Developments dated January 15, 2016 and February 11, 2016, on January 13, 2016 the United States Treasury Department’s Financial Crimes Enforcement Network (“FinCEN”) issued Geographic Targeting Orders (GTO) requiring “certain U.S. title insurance companies to identify the natural persons behind companies used to pay ‘all cash’ for high-end residential real estate in the Borough of Manhattan in New York City, New York, and Miami-Dade County, Florida.” The GTOs were effective March 1, 2016 and, unless extended, expire on August 27, 2016.

On July 22, 2016, FinCEN issued a GTO extending the scope of the prior GTOs to also include Bexar County, Texas, Broward and Palm Beach counties in Florida, the Boroughs of Brooklyn, Queens, the Bronx and Staten Island in New York City, and San Diego, San Francisco, San Mateo and Santa Clara counties in California. The new GTO is effective on August 28, 2016 and, unless extended, expires on February 23, 2017.

A Covered Transaction is a transaction in which a legal entity, wherever formed, purchases residential real property, including an individual condominium or cooperative unit designed principally for the occupancy of one-to-four families, in, as of August 28, the locations noted below, when the purchase price exceeds the specified amount, the purchase is made without a bank loan, and the purchase is made, at least in part, using currency, a cashier’s check, a certified check, a traveler’s check, a money order in any form or, under the July 22, 2016 GTO, a personal check or a business check.

The reporting requirements under the July 22, 2016 GTO will impact transactions in Bexar County, Texas for a total purchase price of \$500,000 or more, in Miami-Dade, Broward and Palm Beach Counties, Florida for a total purchase price of \$1,000,000 or more, in the Boroughs of Brooklyn, Queens, the Bronx, and Staten Island in New York City for \$1,500,000 or more, in the Borough of Manhattan in New York City for \$3,000,000 or more, and in San Diego, Los Angeles, San Francisco, San Mateo and Santa Clara Counties, California for \$2,000,000 or more.

First American, other title insurance companies, and their agents, are required, when conducting a settlement or performing a service in connection with a Covered Transaction involving a property subject to the GTOs to report certain information on IRS Form 8300/FinCEN Form 8300 (“Report of Cash Payments Over \$10,000 Received in a Trade or Business”). The information must include the identity of the Purchaser, of the Beneficial Owners of the Purchaser, and of the individual primarily responsible for representing the Purchaser. A “Beneficial Owner” is an individual who owns, directly or indirectly, 25% or more of the equity interests in the Purchaser.

When insuring a Covered Transaction, the title insurance company or its agent must receive (a) a written statement from purchaser’s counsel or the settlement agent stating that no part of the purchase price was funded by use of currency, a cashier’s check, a certified check, a traveler’s check, a money order or, under the July 22, 2016 GTO, a personal check or a business check, or (b) information sufficient to enable the title insurance company to complete IRS Form 8300/FinCEN Form 8300. For (b), FinCEN requires that the title insurance company obtain as to each Beneficial Owner and as to the individual primarily responsible for representing the Purchaser, a copy of his or her driver’s license or passport, or other similar identifying documentation. These requirements also apply when an accommodation recording is being handled by the title insurance company.

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Current Developments since 1997

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