

MEMO CONCERNING TARGETING ORDERS

February 2016

The director of the Financial Crimes Enforcement Network of the United States Treasury Department is issuing a “Geographic Targeting Orders” to title insurance companies. The order requires the title insurance company and its agents to issue reports to the government on IRS Form 8300 when they are involved with the sale of residential property in Manhattan for more than \$3,000,000 and if the sale has other specified attributes. **Targeting orders are applicable only to Manhattan properties and property in Dade County, Florida.**

The targeting orders will become effective on March 1, 2016 and, unless extended, will terminate on August 27, 2016. The order will only apply when **all** of the following circumstances exist: (1) the buyer is an entity, (2) the buyer is not financing a substantial portion of the purchase price with a loan advanced by a recognized institutional lender such as a bank, and (3) a portion of the purchase price is being paid with currency, a bank check, a certified check, a traveler’s check or a money order. If these conditions are met the transaction is deemed a covered transaction and the buyer is deemed a covered buyer.

If we are asked to insure a covered transaction or record a deed for a covered transaction, then we will be required to sign and file IRS Form 8300 with the Treasury Department. If we submit a Form 8300 that contains incomplete or false information, this agency and its principals will be subject to civil and criminal penalties.

IRS Form 8300 requires substantial information about the covered transaction. The primary purpose of Form 8300 is to provide the IRS with the names of the beneficial owners of the covered buyer. A beneficial owner is an individual who directly or indirectly owns a 25% or more equity interest in the covered buyer.

Because this agency and its principals have to sign Form 8300 and because we are subject to severe financial and criminal penalties for filing a form that contains insufficient or false information, we will not issue a title insurance policy to a covered buyer or record a deed into a covered buyer unless we receive sufficient information to enable us to sign and file Form 8300. When we issue a title report for a covered transaction, we will require the covered buyer to supply us with the required information before the closing.

www.nationalgranite.com

CONTACT OFFICE

155 North Main Street New City, New York 10956 845 639 1415 fax 845 639 1239	600 Third Avenue, Suite 1500 New York, New York 10016 212 665 0644 fax 212 587 0322	50 Main Street, Suite 1026 White Plains, New York 10606 914 682 7611 fax 914 682 7641	140 East Ridgewood Ave Paramus, NJ 07652 201 934 4232 fax 201 934 4426
---	--	--	---

In general, Form 8300 requires the following information in addition to the terms of the sale:

1. The name of the individual primarily responsible for representing the covered buyer. This person will usually be the person signing the contract. We will also need the address of the individual representing the covered buyer and that persons' photo identification such as a passport or driver's license.
2. Information about the buyer. The director has indicated that the department will require the covered buyer's organization and operating documents. If the covered buyer is owned by entities then the covered buyer will have to provide an organization chart that looks like a tree and that shows all of the entities that have an interest in the covered buyer and the percentage of interest that each entity owns in the covered buyer.
3. Information about the beneficial owners. This will require the names and address of each individual that is the beneficial owner of the covered buyer. We are required to provide the organization and operating documents for each entity that has an ownership interest in the covered buyer and provide the names of each beneficial owner of the entities that own the covered buyer. Every person who is deemed to be a beneficial owner must produce photo identification such as a driver's license or passport.

The foregoing requirements will not be difficult to follow for single member limited liability companies but they can be quite onerous for an entity that is owned by entities.

We are attaching for your review the following:

1. A typical targeting order issued to a New York Title Insurance Company.
2. A list of frequently asked questions about a typical targeting order.
3. IRS Form 8300



GEOGRAPHIC TARGETING ORDER

I. AUTHORITY

The Director of FinCEN may issue an order that imposes certain additional recordkeeping and reporting requirements on one or more domestic financial institutions or nonfinancial trades or businesses in a geographic area. *See* 31 U.S.C. § 5326(a); 31 CFR § 1010.370; Treasury Order 180-01. Pursuant to this authority, the Director of FinCEN hereby finds that reasonable grounds exist for concluding that the additional recordkeeping and reporting requirements described below are necessary to carry out the purposes of the Bank Secrecy Act and prevent evasions thereof.¹

II. ADDITIONAL RECORDKEEPING AND REPORTING REQUIREMENTS

A. Business and Transactions Covered by this Order

1. For purposes of this Order, the “Covered Business” means First American Financial Corporation and any of its subsidiaries and agents.
2. For purposes of this Order, a “Covered Transaction” means a transaction in which:
 - i. A Legal Entity (as defined in Section III.A of this Order);
 - ii. Purchases residential real property located in the Borough of Manhattan in New York, New York.
 - iii. For a total purchase price in excess of \$3,000,000;

¹ The Bank Secrecy Act is codified at 12 U.S.C. §§ 1829b, 1951-1959 and 31 U.S.C. §§ 5311-5314, 5316-5332. Regulations implementing the Bank Secrecy Act appear at 31 CFR Chapter X.

- iv. Such purchase is made without a bank loan or other similar form of external financing; and
- v. Such purchase is made, at least in part, using currency or a cashier's check, a certified check, a traveler's check, or a money order in any form.

B. Reports Required to be Filed by the Covered Business

1. If the Covered Business is involved in a Covered Transaction, then the Covered Business shall report the Covered Transaction to FinCEN by filing a FinCEN Form 8300 within 30 days of the closing of the Covered Transaction. Each FinCEN Form 8300 filed pursuant to this Order must be: (i) completed in accordance with the terms of this Order and the FinCEN Form 8300 instructions (when such terms conflict, the terms of this Order apply), and (ii) e-filed through the Bank Secrecy Act E-filing system.²
2. A Form 8300 filed pursuant to this Order shall contain the following information about the Covered Transaction:
 - i. Part I shall contain information about the identity of the individual primarily responsible for representing the Purchaser (as defined in Section III.A of this Order). The Covered Business must obtain and record a copy of this individual's driver's license, passport, or other similar identifying documentation. A description of such documentation must be provided in Field 14 of the form.
 - ii. Part II shall contain information about the identity of the Purchaser. The Covered Business should select Field 15 on the FinCEN Form 8300, which will enable reporting of multiple parties under Part II of the form.
 - iii. Part II shall also contain information about the identity of the Beneficial Owner(s) (as defined in Section III.A of this Order) of the Purchaser. The Covered Business must obtain and record a copy of the Beneficial Owner's driver's license, passport, or other similar identifying documentation. A description of such documentation must be provided in Field 27 of the form.
 - iv. Part III shall contain information about the Covered Transaction as follows:
 1. Field 28: Date of closing of the Covered Transaction
 2. Field 29: Total amount transferred in the form of a Monetary Instrument

² For more information on E-filing, go to this Website: <http://bsaefiling.fincen.treas.gov/main.html> and do the following: (a) review "Getting Started"; (b) fill out a Supervisory User Application Form; (c) assign the supervisory user to represent your business; (d) obtain a digital certificate; and (e) register on the system.

3. Field 31: Total purchase price of the Covered Transaction
4. Field 34: Address of real property involved in the Covered Transaction
- v. Part IV shall contain information about the Covered Business.
- vi. The Comments section to the Form 8300 shall contain the following information:
 1. The term "REGTONYC" as a unique identifier for this Order.
 2. If the purchaser involved in the Covered Transaction is a limited liability company, then the Covered Business must provide the name, address, and taxpayer identification number of all its members, to the extent not otherwise provided on the Form 8300.

III. GENERAL PROVISIONS

A. Additional Definitions

1. For purposes of this Order:
 - i. "Beneficial Owner" means each individual who, directly or indirectly, owns 25% or more of the equity interests of the Purchaser.
 - ii. "Legal Entity" means a corporation, limited liability company, partnership or other similar business entity, whether formed under the laws of a state or of the United States or a foreign jurisdiction.
 - iii. "Purchaser" means the Legal Entity that is purchasing residential real property as part of a Covered Transaction.
2. All terms used but not otherwise defined herein have the meaning set forth in Chapter X of Title 31 of the United States Code of Federal Regulations.

B. Order Period

The terms of this Order are effective beginning on March 1, 2016 and ending on August 27, 2016 (except as otherwise provided in Section III.C of this Order).

C. Retention of Records

The Covered Business must: (1) retain all records relating to compliance with this Order for a period of five years from the last day that this Order is effective (including any renewals of this Order); (2) store such records in a manner accessible within a reasonable period of time; and (3) make such records available to FinCEN or any other appropriate law enforcement or regulatory agency, upon request.

D. No Effect on Other Provisions of the Bank Secrecy Act

Nothing in this Order modifies or otherwise affects any provision of the regulations implementing the Bank Secrecy Act to the extent not expressly stated herein.

E. Compliance

The Covered Business must supervise, and is responsible for, compliance by each of its officers, directors, employees, and agents with the terms of this Order. The Covered Business must transmit this order to each of its agents. The Covered Business must also transmit the Order to its Chief Executive Officer or other similarly acting manager.

F. Penalties for Noncompliance

The Covered Business and any of its officers, directors, employees, and agents may be liable, without limitation, for civil or criminal penalties for violating any of the terms of this Order.

G. Validity of Order

Any judicial determination that any provision of this Order is invalid does not affect the validity of any other provision of this Order, and each other provision must thereafter remain in full force and effect. A copy of this Order carries the full force and effect of an original signed Order.

H. Paperwork Reduction Act

The collection of information subject to the Paperwork Reduction Act contained in this Order has been approved by the Office of Management and Budget ("OMB") and assigned OMB Control Number 1506-0056.

I. Questions

All questions about the Order must be addressed to the FinCEN Resource Center at (800) 767-2825 (Monday through Friday, 8:00 a.m. - 6:00 p.m. EST).

Dated: January 13, 2016



Jennifer Shasky Calvery
Director
Financial Crimes Enforcement Network
U.S. Department of the Treasury

Report of Cash Payments Over \$10,000 Received in a Trade or Business

▶ See instructions for definition of cash.
▶ Use this form for transactions occurring after August 29, 2014. Do not use prior versions after this date.
For Privacy Act and Paperwork Reduction Act Notice, see the last page.

1 Check appropriate box(es) if: a Amends prior report; b Suspicious transaction.

Part I Identity of Individual From Whom the Cash Was Received

2 If more than one individual is involved, check here and see instructions ▶

3 Last name 4 First name 5 M.I. 6 Taxpayer identification number

7 Address (number, street, and apt. or suite no.) 8 Date of birth (see instructions) M M D D Y Y Y Y

9 City 10 State 11 ZIP code 12 Country (if not U.S.) 13 Occupation, profession, or business

14 Identifying document (ID) a Describe ID ▶ c Number ▶ b Issued by ▶

Part II Person on Whose Behalf This Transaction Was Conducted

15 If this transaction was conducted on behalf of more than one person, check here and see instructions ▶

16 Individual's last name or organization's name 17 First name 18 M.I. 19 Taxpayer identification number

20 Doing business as (DBA) name (see instructions) Employer identification number

21 Address (number, street, and apt. or suite no.) 22 Occupation, profession, or business

23 City 24 State 25 ZIP code 26 Country (if not U.S.)

27 Alien identification (ID) a Describe ID ▶ c Number ▶ b Issued by ▶

Part III Description of Transaction and Method of Payment

28 Date cash received M M D D Y Y Y Y 29 Total cash received \$.00 30 If cash was received in more than one payment, check here ▶ 31 Total price if different from item 29 \$.00

32 Amount of cash received (in U.S. dollar equivalent) (must equal item 29) (see instructions):

a U.S. currency	\$.00	(Amount in \$100 bills or higher \$.00)
b Foreign currency	\$.00	(Country ▶)
c Cashier's check(s)	\$.00	} Issuer's name(s) and serial number(s) of the monetary instrument(s) ▶
d Money order(s)	\$.00	
e Bank draft(s)	\$.00	
f Traveler's check(s)	\$.00	

33 Type of transaction

a <input type="checkbox"/> Personal property purchased	f <input type="checkbox"/> Debt obligations paid
b <input type="checkbox"/> Real property purchased	g <input type="checkbox"/> Exchange of cash
c <input type="checkbox"/> Personal services provided	h <input type="checkbox"/> Escrow or trust funds
d <input type="checkbox"/> Business services provided	i <input type="checkbox"/> Bail received by court clerks
e <input type="checkbox"/> Intangible property purchased	j <input type="checkbox"/> Other (specify in item 34) ▶

34 Specific description of property or service shown in 33. Give serial or registration number, address, docket number, etc. ▶

Part IV Business That Received Cash

35 Name of business that received cash 36 Employer identification number

37 Address (number, street, and apt. or suite no.) Social security number

38 City 39 State 40 ZIP code 41 Nature of your business

42 Under penalties of perjury, I declare that to the best of my knowledge the information I have furnished above is true, correct, and complete.

Signature ▶ _____ Authorized official Title ▶ _____

43 Date of signature M M D D Y Y Y Y 44 Type or print name of contact person 45 Contact telephone number

Multiple Parties

(Complete applicable parts below if box 2 or 15 on page 1 is checked.)

Part I Continued—Complete if box 2 on page 1 is checked

Form section for Part I, entry 1. Includes fields for last name, first name, M.I., taxpayer ID number, address, date of birth, city, state, ZIP code, country, occupation, and identifying document details.

Form section for Part I, entry 2. Includes fields for last name, first name, M.I., taxpayer ID number, address, date of birth, city, state, ZIP code, country, occupation, and identifying document details.

Part II Continued—Complete if box 15 on page 1 is checked

Form section for Part II, entry 1. Includes fields for individual's last name, first name, M.I., taxpayer ID number, doing business as (DBA) name, employer ID number, address, city, state, ZIP code, country, and alien identification details.

Form section for Part II, entry 2. Includes fields for individual's last name, first name, M.I., taxpayer ID number, doing business as (DBA) name, employer ID number, address, city, state, ZIP code, country, and alien identification details.

Comments – Please use the lines provided below to comment on or clarify any information you entered on any line in Parts I, II, III, and IV

Four horizontal lines provided for entering comments.

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 8300 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/form8300.

Important Reminders

- Section 6050I (26 United States Code (U.S.C.) 6050I) and 31 U.S.C. 5331 require that certain information be reported to the IRS and the Financial Crimes Enforcement Network (FinCEN). This information must be reported on IRS/FinCEN Form 8300.
- Item 33, box i, is to be checked only by clerks of the court; box d is to be checked by bail bondsmen. See *Item 33* under *Part III*, later.
- The meaning of the word "currency" for purposes of 31 U.S.C. 5331 is the same as for the word "cash" (See *Cash* under *Definitions*, later).

General Instructions

Who must file. Each person engaged in a trade or business who, in the course of that trade or business, receives more than \$10,000 in cash in one transaction or in two or more related transactions, must file Form 8300. Any transactions conducted between a payer (or its agent) and the recipient in a 24-hour period are related transactions. Transactions are considered related even if they occur over a period of more than 24 hours if the recipient knows, or has reason to know, that each transaction is one of a series of connected transactions.

Keep a copy of each Form 8300 for 5 years from the date you file it.

Clerks of federal or state courts must file Form 8300 if more than \$10,000 in cash is received as bail for an individual(s) charged with certain criminal offenses. For these purposes, a clerk includes the clerk's office or any other office, department, division, branch, or unit of the court that is authorized to receive bail. If a person receives bail on behalf of a clerk, the clerk is treated as receiving the bail. See *Item 33* under *Part III*, later.

If multiple payments are made in cash to satisfy bail and the initial payment does not exceed \$10,000, the initial payment and subsequent payments must be aggregated and the information return must be filed by the 15th day after receipt of the payment that causes the aggregate amount to exceed \$10,000 in cash. In such cases, the reporting requirement can be satisfied by sending a single written statement with the

aggregate Form 8300 amounts listed relating to that payer. Payments made to satisfy separate bail requirements are not required to be aggregated. See Treasury Regulations section 1.6050I-2.

Casinos must file Form 8300 for nongaming activities (restaurants, shops, etc.).

Voluntary use of Form 8300. Form 8300 may be filed voluntarily for any suspicious transaction (see *Definitions*, later) for use by FinCEN and the IRS, even if the total amount does not exceed \$10,000.

Exceptions. Cash is not required to be reported if it is received:

- By a financial institution required to file FinCEN Report 112, BSA Currency Transaction Report (BCTR);
- By a casino required to file (or exempt from filing) FinCEN Report 112, if the cash is received as part of its gaming business;
- By an agent who receives the cash from a principal, if the agent uses all of the cash within 15 days in a second transaction that is reportable on Form 8300 or on FinCEN Report 112, and discloses all the information necessary to complete Part II of Form 8300 or FinCEN Report 112 to the recipient of the cash in the second transaction;
- In a transaction occurring entirely outside the United States. See Publication 1544, Reporting Cash Payments of Over \$10,000 (Received in a Trade or Business), regarding transactions occurring in Puerto Rico and territories and possessions of the United States; or
- In a transaction that is not in the course of a person's trade or business.

When to file. File Form 8300 by the 15th day after the date the cash was received. If that date falls on a Saturday, Sunday, or legal holiday, file the form on the next business day.

Where to file. File the form with the Internal Revenue Service, Detroit Computing Center, P.O. Box 32621, Detroit, MI 48232.



You may be able to electronically file Form 8300 using FinCEN's Bank Secrecy Act (BSA) Electronic Filing (E-Filing) System as an alternative method to filing a paper Form 8300. To get more information, visit the BSA E-Filing System, at <http://bsaeffiling.fincen.treas.gov/main.html>.

Statement to be provided. You must give a written or electronic statement to each person named on a required Form 8300 on or before January 31 of the year following the calendar year in which the

cash is received. The statement must show the name, telephone number, and address of the information contact for the business, the aggregate amount of reportable cash received, and that the information was furnished to the IRS. Keep a copy of the statement for your records.

Multiple payments. If you receive more than one cash payment for a single transaction or for related transactions, you must report the multiple payments any time you receive a total amount that exceeds \$10,000 within any 12-month period. Submit the report within 15 days of the date you receive the payment that causes the total amount to exceed \$10,000. If more than one report is required within 15 days, you may file a combined report. File the combined report no later than the date the earliest report, if filed separately, would have to be filed.

Taxpayer identification number (TIN). You must furnish the correct TIN of the person or persons from whom you receive the cash and, if applicable, the person or persons on whose behalf the transaction is being conducted. You may be subject to penalties for an incorrect or missing TIN.

The TIN for an individual (including a sole proprietorship) is the individual's social security number (SSN). For certain resident aliens who are not eligible to get an SSN and nonresident aliens who are required to file tax returns, it is an IRS Individual Taxpayer Identification Number (ITIN). For other persons, including corporations, partnerships, and estates, it is the employer identification number (EIN).

If you have requested but are not able to get a TIN for one or more of the parties to a transaction within 15 days following the transaction, file the report and use the comments section on page 2 of the form to explain why the TIN is not included.

Exception. You are not required to provide the TIN of a person who is a nonresident alien individual or a foreign organization if that person or foreign organization:

- Does not have income effectively connected with the conduct of a U.S. trade or business;
- Does not have an office or place of business, or a fiscal or paying agent in the U.S.;
- Does not furnish a withholding certificate described in §1.1441-1(e)(2) or (3) or §1.1441-5(c)(2)(iv) or (3)(iii) to the extent required under §1.1441-1(e)(4)(vii); or
- Does not have to furnish a TIN on any return, statement, or other document as required by the income tax regulations under section 897 or 1445.



First American Title™

UNDERWRITING COMMUNICATION

Issued by

First American Title Insurance Company

NA-2016-003–Standard

Title: **FinCEN Geographic Targeting Order – Borough of Manhattan, in New York, New York**

Issued By: Corporate Underwriting Department

Date Issued: **February 9, 2016**

On January 13, 2016, the United States Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") issued a Geographic Targeting Order ("Order") (attached as Exhibit A) creating new reporting requirements that will affect residential real estate transactions involving real property in the Borough of Manhattan in New York, New York. These new reporting requirements apply to "Covered Transactions" (as defined below) that occur from March 1, 2016 until August 27, 2016. The Order requires First American Title Insurance Company ("First American" or the "Company") and First American's issuing agents to collect and report information about the persons involved in certain residential real estate transactions ("Covered Transactions") in which First American is involved (*i.e.* the Company insures the transaction, conducts a settlement or performs a service). **The Order states that First American and First American's issuing agents may be liable, without limitation, for civil or criminal penalties for violating any of the terms of the Order.**

The Order defines a "Covered Transaction" as one in which:

- i. A Legal Entity, whether formed under the laws of a state or of the United States or a foreign jurisdiction, defined in the Order as:
 1. Corporation;
 2. Limited Liability Company;
 3. Partnership; or
 4. Other similar business entity
- ii. Purchases residential real property, defined by FinCEN as real property (including individual units of condominiums and cooperatives) designed principally for the occupancy of from one to four families, located in the Borough of Manhattan in New York, New York;
- iii. For a total purchase price in excess of \$3,000,000;



FREQUENTLY ASKED QUESTIONS

Issued: February 1, 2016

Subject: Geographic Targeting Orders Involving Certain Real Estate Transactions

On January 13, 2016, FinCEN issued Geographic Targeting Orders (GTOs) requiring Covered Businesses to collect and report information about certain residential real estate transactions in the Borough of Manhattan in New York, New York and Miami-Dade County, Florida. As a general matter, FinCEN expects a Covered Business to implement procedures reasonably designed to ensure compliance with the terms of the GTOs, including reasonable due diligence to determine whether it (or its subsidiaries or agents) is involved in a Covered Transaction and to collect and report the required information. In complying with the terms of the GTOs, a Covered Business may reasonably rely on information provided to it by third parties, including other parties involved in Covered Transactions.

To assist Covered Businesses in complying with the GTOs, FinCEN is publishing this list of frequently asked questions (FAQs) in response to inquiries FinCEN has received since issuing the GTOs. These FAQs are applicable only to the GTOs and should not be construed to apply to any other FinCEN regulation or order. Terms used but not otherwise defined herein shall have the meaning set forth in the GTOs. For additional questions, please contact the FinCEN Resource Center at (800) 767-2825.

1) What does the term “residential real property” mean?

For purposes of the GTOs, “residential real property” means real property (including individual units of condominiums and cooperatives) designed principally for the occupancy of from one to four families.

2) To what extent must a Covered Business verify information about the Beneficial Owner of a Purchaser?

The GTOs require a Covered Business to collect and report certain identifying information about the Beneficial Owner(s) of the Purchaser in a Covered Transaction. For purposes of the GTOs, a “Beneficial Owner” means each individual who, directly or indirectly, owns 25% or more of the equity interests of the Purchaser. The GTOs provide that the Covered Business must obtain and record a copy of the Beneficial Owner’s driver’s license, passport, or other similar identifying documentation. The Covered Business may reasonably rely on the information provided to it by third parties involved in the Covered Transaction, including the Purchaser or its representatives, in determining whether the individual identified as a Beneficial Owner is in fact a Beneficial Owner.

3) Who is considered a Covered Business's "agents" for purposes of the GTOs?

A Covered Business's "agents" refers to people or entities that are authorized by the Covered Business, usually through a contractual relationship, to act on its behalf to provide title insurance underwritten by the Covered Business (or its subsidiaries). FinCEN notes that the recordkeeping and reporting requirements under the GTOs are triggered only when a Covered Business (or its subsidiaries or agents) is involved in a Covered Transaction by providing title insurance underwritten by that Covered Business (or its subsidiaries) in connection with the Covered Transaction.

FinCEN also recognizes that a person or entity may be an independent agent of a Covered Business, and thus may act on behalf of multiple title insurance companies. A Covered Business is responsible for the recordkeeping and reporting requirements under the GTOs only when such agents are acting on its behalf in connection with a Covered Transaction.

4) What methods of payment are covered under Section II.A.2.v. of the GTOs?

Section II.A.2.v. of the GTOs, which lists one of the five criteria that triggers a Covered Transaction, provides: "Such purchase is made, at least in part, using currency or a cashier's check, a certified check, a traveler's check, or a money order in any form." Accordingly, payment of at least part of the purchase price using one of these methods, such as a cashier's check (sometimes referred to as a "bank check," "official check," or "treasurer's check") or a certified check, triggers a Covered Transaction, assuming the other four criteria listed in Section II.A.2. are met. A method of payment not specifically enumerated in Section II.A.2.v. (e.g., a wire transfer or an uncertified personal check) would not, in and of itself, qualify as a Covered Transaction. With respect to information required to be reported in Field 29 of the Form 8300, the Covered Business should include the total amount of the purchase price that was paid using the methods of payment specified in Section II.A.2.v. of the GTOs.

5) Is there a *de minimis* exception regarding the methods of payment covered under Section II.A.2.v. of the GTOs?

No. If any part of the purchase price was made using a method of payment specified in Section II.A.2.v. of the GTOs, then the transaction is considered a Covered Transaction (assuming the other four criteria listed in Section II.A.2. are met). FinCEN expects a Covered Business to take reasonable steps to determine whether any part of the purchase price was made using a method of payment specified in Section II.A.2.v. of the GTOs. FinCEN recognizes that in some instances a small percent of the purchase price of a residential real estate transaction may be held by a third party, such as a real estate agent holding an earnest money deposit. A Covered Business may reasonably rely on information provided to it by such third parties.

6) Who is the “individual primarily responsible for representing the Purchaser”?

The “individual primarily responsible for representing the Purchaser” means the individual authorized by the entity to enter legally binding contracts on behalf of the entity.

7) How long must a Covered Business retain records relating to compliance with the GTOs?

Consistent with the general recordkeeping provisions of the regulations promulgated under the Bank Secrecy Act, a Covered Business must retain all records relating to compliance with the GTOs for at least five years from the last day that the GTOs are effective (including any renewals thereof).