



STATE OF NEW YORK

DEPARTMENT OF LAW

REAL ESTATE FINANCE BUREAU

MEMORANDUM

**Re: Disclosure Requirements Regarding
FinCEN's Geographic Targeting Order**

February 8, 2016

The Department of Law publishes this memorandum as a guidance document pursuant to State Administrative Procedure Act ("S.A.P.A.") § 102(14).

Introduction

This guidance document clarifies how the January 13, 2016 Geographic Target Order ("Order") issued by the Director of the Financial Crimes Enforcement Network ("FinCEN") affects disclosure requirements for sponsors and prospective purchasers of residential real property located in the Borough of Manhattan. The Order requires title insurance companies to collect and report information about persons involved in certain residential real estate transactions in furtherance of the Bank Secrecy Act. The reporting requirement will be in effect as of March 1, 2016. A copy of the Order is available here: https://www.fincen.gov/news_room/nr/files/Real_Estate_GTO-NYC.pdf

Real Estate Finance Bureau Requirements

To provide contract-vendees and prospective purchasers with adequate disclosure and notice of the new reporting requirements all prospectuses offering and selling residential condominiums and cooperatives must be amended to disclose that title companies are now required to collect and report information regarding purchasers in transactions where: (1) the purchaser is a legal entity as defined in the Order; (2) the purchaser purchases residential real property located in the Borough of Manhattan in New York; (3) the total purchase price is in excess of \$3,000,000; (4) the purchaser does not obtain external financing; and (4) the 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. The amendment must make clear that this affects all residential real property closings occurring on or after March 1, 2016 and until the expiration of the effective period of such Order (*i.e.*, August 27, 2016, as of the date hereof, which date is subject to change by FinCEN).

Applicability and Disclosure Requirements

Any offering plan accepted for submission that meets the above criteria must add such disclosures prior to acceptance for filing.

For filed plans, the sponsor must amend the plan to include the required disclosures above at the time of the next update amendment.