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UNDERWRITING BULLETIN **2025-005**

FROM: Underwriting Department

DATE: September 23, 2025

TO: All Agents

RE: **Background Behind the Final Anti-Money Laundering (AML) Rule**

Established in 1990, FinCEN (Financial Crimes Enforcement Network) is a bureau of the U.S. Department of the Treasury. FinCEN's authority comes from the Currency and Financial Transactions Reporting Act of 1970, as amended by Title III of the USA PATRIOT Act of 2001 and other legislation. This legislative framework is commonly referred to as the Bank Secrecy Act (BSA). The Bank Secrecy Act (BSA) is the primary U.S. anti-money laundering (AML) law and tool for detecting, deterring and disrupting terrorist financing networks.

In 2016, FinCEN began issuing the GTOs (Geographic Targeting Orders) for title underwriters to start reporting certain real estate transactions to identify the beneficial owner(s) of a buyer that is a legal entity. These first GTOs applied to residential cash (no bank financing) transactions in Bexar County, Texas with a sales price of $500,000 or more and Miami-Dade, Broward, or Palm Beach Counties in Florida with a sales price of $1 million or more, as well as Brooklyn, Queens, Bronx, Staten Island, NY (more than $1.5M), San Diego, LA, San Francisco, San Mateo, Santa Clara, California (more than $2M) and Manhattan, N.Y. with a sales price exceeding $3 million.

FinCEN established an e-filing system for the reporting of the targeted transactions within 30 days of the closing of the covered transaction.

The GTOs were temporary Orders and were set to expire in approximately 6 months after issuance.

Over the past few years, the GTOs have been renewed multiple times and expanded to include more metropolitan areas and to decrease the dollar amount of the reporting threshold to $300,000, except for the city and county of Baltimore, where the purchase threshold amount is $50,000.

FinCEN has continuously renewed the GTOs and the expanded coverage included certain counties and major metropolitan areas in California, Colorado, Connecticut, Florida, Hawaii, Illinois, Maryland, Massachusetts, Nevada, New York, Texas, Washington, Virginia, and the District of Columbia (69 counties in 13 States, plus Washington DC).

In Texas, the GTO originally covered Bexar County (San Antonio), but was expanded in each GTO subsequently issued to also include Dallas, Harris, Montgomery, Tarrant, Travis and Webb Counties. In March 2025, FinCEN also issued a Southwest Border GTO to combat cartel money laundering along the border with Mexico. This GTO added areas by zip code:

- Imperial County, California: 92231, 92249, 92281, 92283
- San Diego County, California: 91910, 92101, 92113, 92117, 92126, 92154, 92173
- Cameron County, Texas: 78520, 78521
- El Paso County, Texas: 79901, 79902, 79903, 79905, 79907, 79935
- Hidalgo County, Texas: 78503, 78557, 78572, 78577, 78596
- Maverick County, Texas: 78852
- Webb County, Texas: 78040, 78041, 78043, 78045, 78046

The GTOs were originally limited to residential purchases using cash and monetary instruments (currency, cashier's check, certified check, traveler's check, personal check, business check or a money order in any form), but were expanded to include wire transfers and virtual currency and/or cryptocurrency.

Initially, the GTOs covered purchases by legal entities, which included corporations, limited liability companies, partnerships or other similar entities, whether formed under State law, US law or the law of a foreign jurisdiction. The reporting requirement mandated that the beneficial owners of the entity be identified – each individual that directly or indirectly owned 25% or more of the equity interests in the entity.

The GTOs were later expanded to also cover purchases by trusts – settlors, trustees and beneficiaries had to be identified, whether an individual or a legal entity. Copies of the individuals' DLs, Passport or other identifying documentation had to be obtained.

FinCEN has found that from 2017 to early 2024, approximately 42% of non-financed real estate transfers captured by the Residential Real Estate GTOs were conducted by individuals or legal entities on which a SAR (Suspicious Activity Report) had been filed.

➔ **The GTOs were temporary measures, targeting high risk locations. FinCEN wanted a more permanent and comprehensive regulatory solution. This led to the AML Rule. The new rule is a permanent rule and it will apply nation-wide. It also entails an expanded reporting requirement, and of particular note, it has expanded reportable transactions to go further than just all cash transactions and will include private financing and hard money loans, and the $300,000 threshold sales price criteria is eliminated.**

As of the date of this Bulletin, be advised that there are multiple lawsuits pending that seek a delay in the effective date of the new rule or an injunction against implementation. We will keep you advised on developments in those lawsuits.

The FNTI Bulletin covering the final AML Reporting Rule will be issued in the next few days and will break the Rule down in detail. This is a mandatory reporting requirement being implemented by federal law and we strongly recommend that all Agents read the information carefully and implement the necessary procedures to comply with the reporting requirement.