



To: All Policy Issuing Agents of WFG National Title Insurance Company
From: Underwriting Department
Date: May 16, 2018
Bulletin No. TX2018-06, FL2018-05, CA2018-05, NY2018-11, HI2018-02, NV2018-02, WA2018-02, MA2018-02, IL2018-04
Subject: Process when FINCEN GTO Reporting Is Required – Effective May 21, 2018

By a separate encrypted E-mail, every WFG Agent should have received a copy of WFG’s Confidential Bulletin and the Confidential Geographic Targeting Order (GTO), which goes into effect as to transactions closed on or after May 21, 2018. If your office did not receive a copy of the GTO and bulletin, please have your manager contact the WFG underwriting department.

This bulletin is to: (1) provide additional guidance on preparing a WFG commitment or preliminary title report in an area subject to GTO reporting; (2) share our best thoughts on managing the GTO process with customers and others; and (3) outline the mechanics of satisfying the reporting obligations when GTO reporting is required.

1. Requirement Added to All Commitments and Preliminary Reports

Any commitment, preliminary report or title search report generated by WFG or by a WFG Agent in a geographic area subject to GTO reporting will include this requirement:

- #. Determination of whether reporting is required under any applicable U.S. Department of Treasury FINCEN Geographic Targeting Order (GTO) and, if reporting under the GTO is required, providing to the Company the information and identity documents required to comply with the GTO and complete the report.

This is to protect the agent and WFG from being contractually bound to close and issue a policy when a last minute change to the structure of a transaction triggers a GTO reporting obligation.

2. Managing Customer Expectations/Avoiding Last Minute Surprises

Good customer service depends on clear communication. None of us want a transaction to be held up because the buyer didn't understand that GTO reporting might be required, or because a last minute change in the transaction triggered a reporting obligation.

Orders placed with key parties and provisions "To Be Determined" or "TBD" create a particular risk that our customers might be unpleasantly surprised by GTO reporting obligations.

Because the terms of the GTO are confidential under federal law, our ability to communicate certain things to affected customers will be limited. But good communication is still critical. Internally, we're taking a multi-pronged approach to communicating about the GTO.

A. A cover sheet on each title product

Internally, we've decided to attach one of three cover sheets to the commitment or prelim before it goes to any real estate agent or buyer. This is both part of managing expectations, but also about having something to point to if a last minute change in structure causes consternation.

We all hate to say "I told you so" to a good customer, but when there is a blow-up, it's mighty nice to have told them so in writing.

All three versions can be found here [[LINK1](#)], and you are free to borrow or adapt these ideas to your own needs.

B. More frequent communication on "TBD" files.

In some parts of the country, it is not uncommon to generate a search product when a property is listed. For these files, no one has any idea of the ultimate buyer, the price that may be agreed, how it might be financed or other key details necessary to determine if GTO reporting will be required. In areas where escrow is separate from title, you might not know anything is happening until you receive signed documents and a recording package. Then you have a definite problem if GTO reporting is required.

We're building this into the workflow in our production systems, but the key point is until you have enough data points to determine if a transaction is or is not subject to GTO reporting, your team needs to keep touching base with the independent escrow, the real estate agents and (if known) your buyer to get enough information to make a GTO determination.

We're phrasing it as "touching base to keep the transaction on track" so that it is "good customer service," but the contact serves multiple purposes.

When actual work starts in a file that still has "TBD" elements, we will be generating an email to the Independent escrow or real estate agents to remind them of the possibility of a GTO delay.

We have shared a copy of the form email [\[LINK2\]](#). Please feel free to borrow and adopt it to your own style.

C. Getting the request for information out as soon as we can determine GTO reporting is required

Internally we're still debating whether a determination that GTO reporting is required should generate a phone call, an email, or both. The answer probably differs transaction to transaction.

We do think it best to advise the Buyer (and their real estate agent) sooner rather than later. We've attached a sample "soft request" email [\[LINK3\]](#). Again, feel free to use it as you see fit, and adopt it to your own style.

While questions are probably inevitable, this is a government requirement and there is no benefit in "making a big deal about it," so the first request simply treats it as an ordinary step in the process.

3. Training your Real Estate Agents

Real estate agents are an integral part of most sale transactions. Your buyers will naturally turn to them for guidance. We do not want one of our real estate agents to embarrass themselves or generate unnecessary angst in the transaction, because they were unaware of the Bank Secrecy Act and the Confidential GTO.

On the other hand, we are forbidden by federal law from disclosing the terms of the GTO. Being directly subject to the order, that prohibition will remain in place for title insurers and agents even after, as is probably inevitable, the terms of the GTO have leaked out and become common knowledge. So don't put yourself at risk.

With those constraints in mind, WFG has put together a training program for use with real estate agents and others. Our training program was designed to satisfy the confidentiality obligations, while explaining the requirements and the scenarios under which we expect problems. If you would like to offer such a program to your real estate agent customers, please reach out to your agency representative.

4. Explaining GTO Reporting to your Customer/Dealing with the Objections

We all recognize that requiring never-before requested, traditionally confidential information and refusing to show our customers the order that requires it, is not going to generate a lot of trust or cheerful compliance.

When first requesting the information, we're training our people to treat it as a "routine request" and not a big deal. We know, especially at first, there will be objections from lawyers,

real estate agents and other who know the information required under the GTO has not traditionally been necessary. There will be a learning curve.

Fortunately, FINCEN also recognized this and gave us a script we could use to explain the requirement. We found their script a bit legalistic and rewrote it to be a bit more user-friendly while still satisfying the spirit of the confidentiality restriction. We also provided a series of responses to anticipated questions. Those can be accessed here [[LINK4](#)].

We should point out, that internally we made the decision not to share the details of the GTO with all of our escrow and title officers. We understand that they will be in the hotseat, and once systems to assure compliance with the GTO were built into our production systems, wanted them to be able to truthfully say that had not seen the GTO and did not know exactly what triggers reporting obligations. That approach may or may not make sense for your agency and operating structure.

5. Gathering the Information when GTO Reporting is required.

A. Form to help gather the information.

The title industry, working through ALTA, has put together a form to be used to gather the necessary information when GTO reporting is required. [[LINK5](#)]. This form may not yet be final, and we'll update as if it evolves further.

Our recommendation is to let the buyer's representative fill it out the form and sign it (and take responsibility) and provide the copies of the drivers licenses or other identify documents for each of the individuals listed.

Option 1 – WFG will upload the information for you

From there, we tried to make it easy. If you send WFG copies of the completed form and drivers' licenses (encrypted please since it will contain NPI), we'll handle it from there and contact you if additional information is needed.

The email to use is: FINCENreports@wfgnationaltitle.com

Option 2 – Upload the Information yourself – and copy WFG.

Or you can set up and handle your own filings.

To set up on the Bank Secrecy Act E-filing System:

1. Go to <http://bsaefiling.fincen.treas.gov/main.html>
2. Review "Getting Started"
3. Fill out a Supervisory User Application Form
4. Assign the supervisory user to represent your business.

5. Obtain a digital certificate
6. Register on the system

Then the actual information regarding a covered transaction may be uploaded at:

https://bsaefiling.fincen.treas.gov/docs/GTO/RealEstate_GTO%20Template.pdf

Once completed, copies of the information collection form and the various identity documents should be sent by encrypted email to FINCENcopies@WFGnationaltitle.com. Please note, these are separate from your normal policy remittance.

NOTE: This Bulletin is for the sole purpose of establishing underwriting positions and policies reflecting WFG National Title Insurance Company's best business judgment. The information contained in this Bulletin is intended solely for the use of employees of WFG National Title Insurance Company, its title insurance agents and approved attorneys. Disclosure to any other person is expressly prohibited unless approved in writing by the WFG National Title Insurance Company's Underwriting Department.

The Agent may be held responsible for any loss sustained as a result of the failure to follow the standards set forth above.