



New England Regional Midweek Update
5/10/2023

Dear Stewart Partners,

We hope you are enjoying all the May flowers that all the April showers produced. In this week's update, we wanted to share with you Stewart's Annual Sustainability Report, which outlines the steps the Company has taken to become a more socially responsible company. We are proud of what we've accomplished and are dedicated to making continued positive progress this year.

For those who practice in Massachusetts, REBA is hosting a webinar this afternoon, featuring New England's Regional Underwriting Counsel. There's still time to register if you are a member of the Real Estate Bar Association, details are below.

For those agents who are impacted by FinCEN's Geographic Targeting Order ("GTO"), we've included information on the renewal of the GTO and the new Beneficial Ownership Information registry, along with an update on the recent takeover of First Republic Bank by the FDIC and the sale of assets to JP Morgan. Finally, we have included a "save the date" for the New England Land Title Association's annual conference, which is being held in September this year.



Stewart's Annual Sustainability Report

Stewart recently released its Sustainability Report for 2022. This report outlines Stewart's commitment to ensuring a better home for all. The report includes information on the Company's environmental, social and governance efforts. We are all very proud of the commitment Stewart has made to being a socially responsible company. To read more about Stewart's values and to download a copy of the Sustainability Report, follow this link: <https://www.stewart.com/en/about-stewart/sustainability.html>



REBA Webinar – Divorce in the Chain of Title

The Paralegal Section of the Massachusetts Real Estate Bar Association (REBA) will be hosting a webinar entitled "Divorce in the Chain of Title" on May 10, 2023 from 12:00 PM through 1:30 PM. Stewart's New England Regional Underwriting Counsel, Attorney Jutta

R. Deeney, will co-host with Attorney Tiffany M. Bentley. REBA members wishing to attend can RSVP to Nicole Cohen at Cohen@REBA.net



The Financial Crimes Enforcement Network (FinCEN) recently announced the renewal and expansion of its Geographic Targeting Order (GTO) and also recently published guidance for the first time with respect to the upcoming beneficial ownership information (BOI) reporting requirements.

By way of background, FinCEN is a bureau of the U.S. Department of the Treasury that was established in 1990 in an effort to safeguard the financial systems from illicit use, combat money laundering and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities. FinCEN believes that renewing the GTO will further assist in tracking illicit funds and other criminal or illicit activity.

The renewed GTO includes changes to the effective date range and the addition of geographical areas. FinCEN's GTO is now in effect from April 25, 2023 until October 21, 2023. In New England, the GTO areas include Fairfield or Litchfield Counties in Connecticut and Suffolk and Middlesex Counties in Massachusetts. Litchfield County is a new addition to the GTO. Any transaction where title insurance is being issued and which falls within the parameters of a Covered Transaction (described below) and is located in geographical areas identified in the GTO must be reported.

The GTO further requires that a residential real property transaction must be reported within 30 days of closing if it is a Covered Transaction. **A Covered Transaction is defined in the GTO as a transaction in which:**

1. Residential real property is purchased by a Legal Entity;
2. The purchase price of the residential real property is in the amount of \$300,000.00 or more in the New England areas referenced above
3. The purchase is made without a bank loan or other similar form of external financing by a financial institution
4. The purchase is made, at least in part, using currency or a cashier's check, a certified check, traveler's check, personal check, business check, money order in any form, a funds transfer, or virtual currency.

Please also keep in mind that closing attorneys and title agents must retain all records relating to compliance with this GTO for 5 years from the last day the GTO is effective (including any renewals).

As a further reminder, all Stewart title insurance commitments for residential property located in the named GTO's must contain the following:

REQUIREMENT:

This Company is required by Federal Law to collect certain additional information from you and the parties representing you regarding the purchase of real property. US Code Title 31- Sec 5326 authorizes the U.S Department of Treasury to collect information about the certain transaction as specified in various geographic targeting orders for the purpose of preventing evasion of the Bank Secrecy Act. As a result of a Geographic Targeting Order ("GTO") issued by the United States Department of Treasury, Financial Crimes Enforcement Network ("FinCEN"), on November 15, 2018, and effective November 17, 2018, this transaction may be responsive to the requirements of the GTO. You may be required, as a condition of the issuance of the policy to provide additional information that will be reported to FinCEN. Please contact this company and provide the details of this transaction in order to comply with the GTO.

If the transaction meets the reporting requirement, you will be asked to provide information on the identity of the parties to the transaction, which will be reported to FinCEN. This company is prohibited from issuing its policy if the transaction is reportable and the information is not provided for reporting. Additional exceptions and or requirements may be raised.

To help our agents comply with the GTO, Stewart facilitates the filing of reportable transactions for its agents. This service is provided at no charge. All you need to do is complete the ALTA information collection form and email it to fincenreports@stewart.com along with supporting identification from the buyers. A Stewart representative will input the information into the filing portal established by the Treasury Department and send you a copy of the filing for your records. To learn more about this service, contact your account service representative.

To view Stewart's latest bulletin and the latest FinCEN order, follow these links:

<https://www.virtualunderwriter.com/en/bulletins/2023-4/sls2023005.html>

https://www.fincen.gov/sites/default/files/shared/508_Order_April2023REGTO.pdf

Turning now to the BOI reporting requirement, in 2021, Congress enacted the Corporate Transparency Act (CTA), which requires certain types of U.S. and foreign entities to report information about their beneficial owners to FinCEN. In September of 2022, FinCEN issued a Final Rule implementing the CTA's BOI reporting requirement that will go into effect on January 1, 2024. On March 24, 2023, FinCEN issued additional guidance to the Final Rule in an effort to assist small businesses in understanding the upcoming BOI reporting requirements and deadlines. The guidance materials describe who must file a report, what information must be provided and when a report is due. FinCEN further advised that BOI reporting information will not be accepted until January 1, 2024 and that additional guidance will be published at www.fincen.gov/boi in the upcoming months.

The Final Rule requires that any entity that meets the definition of a "reporting company" must identify and report their BOI to FinCEN. A "reporting company" is defined to include corporations, limited liability companies, limited liability partnerships, and any other entity created by a filing with the secretary of state or any similar office under the laws of its domicile state or Indian tribe. This covers both domestic and foreign entities in the event that the foreign entity is registered to do business in any U.S. state pursuant to a state filing.

The renewed GTO defines a “Beneficial Owner” as each individual who, directly or indirectly, owns 25% or more of the equity interests of the Legal Entity purchasing real property in the Covered Transaction. A “Legal Entity” is defined as 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, other than a business whose common stock or analogous equity interests are listed on a securities exchange regulated by the Securities Exchange Commission (SEC) or a self-regulatory organization registered with the SEC, or an entity solely owned by such a business.

The CTA does exempt 23 types of entities from the BOI reporting requirement. Any entity which satisfies an exemption is not required to file reports. Exempt entities include, but are not limited to, some large operating companies with at least 20 full time employees, banks, broker-dealers, SEC registered entities, investment companies and advisers, wholly owned subsidiaries of certain exempt entities and inactive entities.

Once it is determined that an existing entity is a reporting company, the information on the entity to be reported would include the full legal name of the entity, any trade name or d/b/a, street address of principal place of business, jurisdiction of formation, and taxpayer/employer identification number. Here is a link to FinCEN’s BOI reporting webpage, www.fincen.gov/boi.



First Republic Bank – FDIC Appointed as Receiver; Assets sold to JP Morgan Chase Bank, N.A.

On May 1, 2023, the California Department of Financial Protection and Innovation closed First Republic Bank. The FDIC was appointed as Receiver of the Bank’s assets, and subsequently entered into an agreement with JP Morgan Chase Bank, N.A. to assume the deposits and assets of First Republic. According to the JP Morgan website, branches of First Republic Bank continue to be open and staffed; however, agents are cautioned not to rely on prior communications such as payoff letters from First Republic. Instead, you will want to obtain written confirmation from the FDIC or JP Morgan that the payoff instructions remain the same (or have changed, as the case may be). Similarly, for loans “in the pipeline” agents will need to confirm that JP Morgan intends to continue with the transaction.

As always, please remain vigilant for scams – we know that fraudsters see these bank failures as opportunities for wire fraud.

To view Stewart’s recent bulletin, follow this link:

<https://www.virtualunderwriter.com/en/bulletins/2023-5/sls2023006.html>



Save the date: NELTA Annual Convention September 18-20, 2023.

The New England Land Title Association's Annual Conference is happening in September of this year instead of June. The venue for this year's Conference is the AC Marriott in Portsmouth, New Hampshire. The Conference starts on Monday, September 18, 2023 and runs through Wednesday, September 20, 2023.

This year's conference will have several educational offerings, including updates on ALTA Best Practices. If you aren't able to attend all three days, there will be an option to register for the programs and dinner on Tuesday, September 19. Discount hotel reservations can be made through the NELTA website, www.NELTA.org.



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