



NATIONAL
ASSOCIATION of
REALTORS®

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May 8, 2019

The Honorable Maxine Waters
Chairwoman
U. S. House Committee on
Financial Services
2221 Rayburn House Office Building
Washington, DC 20515

The Honorable Patrick McHenry
Ranking Member
U. S. House Committee on
Financial Services
2004 Rayburn House Office Building
Washington, DC 20515

Re: Beneficial Ownership and Broader Anti-Money Laundering Proposals

Dear Chairwoman Waters and Ranking Member McHenry:

On behalf of the 1.3 million members of the National Association of REALTORS® (NAR), we would like to thank you for your leadership on the House Financial Services Committee in working to combat money laundering and terrorism financing with H.R. 2513, the “*Corporate Transparency Act of 2019.*” We also would like to specifically thank Representatives Maloney and Luetkemeyer who have worked relentlessly on this issue to ensure bipartisan support.

The collection of beneficial ownership information to be submitted to the Financial Crimes Enforcement Network (FinCEN) when legal entities are formed under state law will help promote greater transparency; better assist law enforcement with investigating, tracking, and tracing individuals who are engaging in criminal activity; and help in prosecuting individuals who are or would create anonymous shell corporations to engage in money laundering, tax evasion, or other illicit financial crimes. Promoting greater transparency by providing beneficial ownership information to FinCEN, and maintaining the integrity of the information by limiting broad disclosure is a necessary step to modernizing money laundering regimes.

NAR supports the Committee’s goal to increase information sharing to better protect against the misuse of corporations and limited liability companies to launder money via the U.S. economy, including in the nation’s real estate markets. However, careful consideration must be given to address the legitimate privacy and data security concerns of these business entities, minimize the unintended exposure of non-beneficial owners, and guarantee that the most germane information is reported to FinCEN. To be most effective, business entities must be confident in knowing that disclosed beneficial ownership information will not be misused or misappropriated, allowing their focus to remain on lawful business operations and investment opportunities that promote economic growth.

REALTORS® support the collaborative and thoughtful approach taken to improve our nation’s current money laundering laws and frameworks. Congress, FinCEN, the U.S. Department of the Treasury, banks, title companies, law enforcement, and other industry and business leaders must continue to work together to combat money laundering and terrorist financing, with H.R. 2513 paving the way.

With successful passage of the *Corporate Transparency Act of 2019*, FinCEN’s Geographic Targeting Orders (GTOs), which were started in 2016 and updated in



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November, will be supplemented by the additional information disclosure. Under the GTOs, title companies are currently responsible for reporting beneficial ownership information to FinCEN for all-cash, residential transactions of \$300k or more in specific geographic jurisdictions across the country. REALTORS® support the efforts of FinCEN and law enforcement in working to effectively combat money laundering through the GTOs and would appreciate more insight into how impactful this collected information is from residential real estate sales transactions before an extension is made to include commercial transactions.

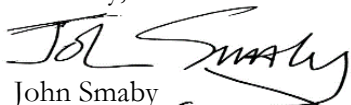
Under H.R. 2514, “*The Coordinating Oversight, Upgrading, and Innovating Technology, and Examiner Reform Act of 2019*” (the “COUNTER Act of 2019”), Congress is requiring FinCEN to revise the GTOs to include commercial real estate sales transactions. While we support FinCEN’s interest in expanding and extending GTOs where they find it necessary to combat money laundering, we have concerns on how the existing GTO framework can effectively transition into the commercial sector, which operates differently than the residential market. Commercial real estate transactions are typically more complex than residential, with more parties and legal entities involved, and they can take much longer to finalize. Because commercial real estate sales are not subject to all of the same regulations as residential real estate sales, each party involved must do significantly more due diligence, and there is more variety in the way the deals can be structured, further adding to the complexity. For that reason, we encourage a more thoughtful and consistent overall framework for the GTOs be considered, rather than simply extending the GTOs within residential real estate to include commercial real estate, subject to different reporting thresholds.

Congress should work with law enforcement, financial institutions, FinCEN, and the real estate industry to develop a more consistent and permanent solution to anti-money laundering framework with respect to reporting information on all cash, real estate transactions. As the GTOs stand now, with extensions every six-months, the ongoing new updates raise compliance challenges that may diminish the value of the information reported. For example, the sixth and most [current GTO](#) issued on November 15, 2018, through May 15, 2019, significantly broadened the number of geographic areas, and lowered the threshold amounts that trigger reporting to FinCEN within those areas. A more consistent and predictable framework would help with compliance among industry and ensure the most usable data is reported to FinCEN. As mentioned, the underlying complexities of commercial transactions make it more difficult to implement beneficial ownership reporting requirements when there are multiple layers of parties involved and multiple financial vehicles being used to fund the commercial investments.

REALTORS® support FinCEN’s GTOs as long as they are effectively combating illicit financial crimes and in the greater interest of national security. The Government Accountability Office (GAO) is currently assessing the effectiveness of the GTOs, including examining the impact of expanding GTOs to commercial real estate transactions. This information should help guide Congress, FinCEN, and the Department of the Treasury in working strategically to modernize our money laundering laws. More information from regulators on the impact of the GTOs would also better assist title companies, financial institutions, and other industry leaders to better understand the issues and effectively combat financial illicit crimes.

REALTORS® greatly appreciate your efforts on these issues, and look forward to working with you in the future in a thoughtful and strategic manner to combat money laundering and terrorism financing in the twenty-first century

Sincerely,



John Smaby

2019 President, National Association of REALTORS®

cc: U.S. Representative Carolyn B. Maloney
U.S. Representative Blaine Luetkemeyer
U. S. House Committee on Financial Services