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How to Handle Cryptocurrency Transactions

Speakers

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Agenda

- Blockchain and cryptocurrency overview
- Examples of recent crypto transactions
- Operational requirements
- Workflow and process overview
- Rules and regulations
- Future of crypto and the real estate transaction



What are we talking about?

- **Blockchain**
 - A digitized, decentralized, public ledger of all cryptocurrency transactions
- **Cryptocurrencies**
 - Digital currency in which encryption techniques (cryptography) are used to regulate the generation of units of currency and verify the transfer of funds.
- **Fiat**
 - Government-backed money (USD, Yen, Peso, etc.)
- **Tokens**
 - Represent fungible, non-fungible and tradeable digital assets. Created to fulfill another purpose besides functioning as a form of monetary exchange.
- **Stable coin**
 - Cryptocurrencies where the price is designed to be pegged to a cryptocurrency, fiat money, or to exchange-traded commodities.



Transaction Examples

- **Residential deals in California**
 - New York City, Manhattan Beach, Calif.
- **Condo purchases in Miami**
- **NFTs in Tampa, Utah**
- **Commercial deals**
 - El Segundo, Calif.



Operational Requirements

- Platforms or tools for settlement
- How to process payments
 - BitPay
 - ForumPay
 - Wallet to wallet transfer
 - Title company or attorney must have KYC/AML practices in place



Workflow

1. Realtor or attorney negotiates and signs contract in USD.
2. Open account in payment processor to transfer cryptocurrency or escrow deposit.
3. Title company performs title work and prepares title commitment
4. Title company prepares closing documents for review
5. Settlement transfer coordinated between payment processor and title company
6. Disbursement completed. Deeds recorded and title company issues title policy.

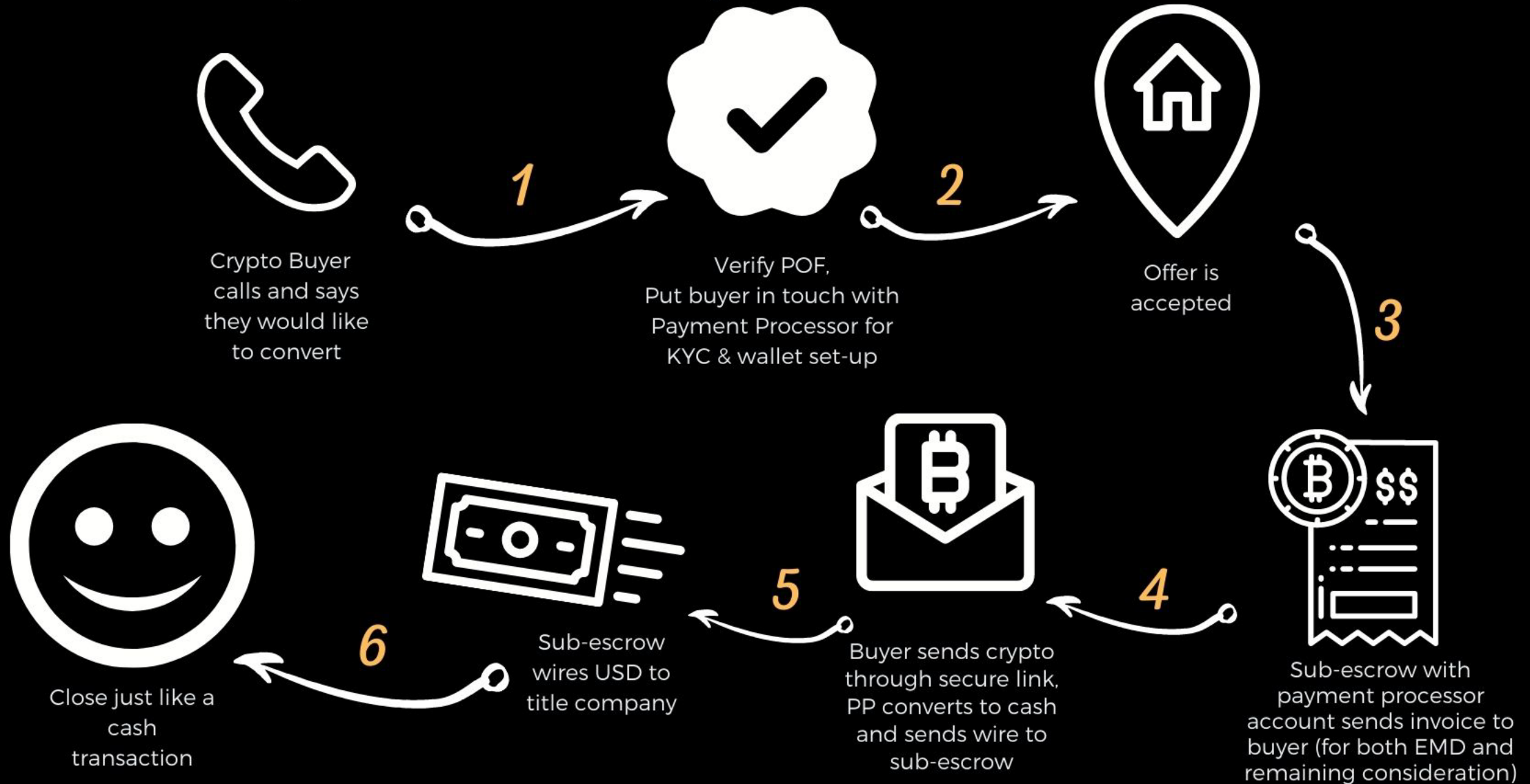


Escrow Process

- **Crypto to cash overview (no loan)**
 - Sometimes funds are exchanged outside of escrow
 - Treated same as cash transaction
 - Escrow company sends link to buyer similar to wire transfer instructions
 - Title and city transfer taxes treated the same
 - Proof of funds can sometimes be tricky, but the process is getting easier



A Crypto Transaction (Conversion, outside SoCal)



Rules and Regulations

- Know Your Customer (KYC)
- Anti-Money Laundering (AML), FinCEN
- Tax reporting, disclosures
- Good funds laws
- Fannie Mae's new crypto requirements
- Title companies must receive payment in Fiat



New Digital Banks

- Wyoming
 - HB74 - creates special purpose depository institutions (SPDIs) (Avanti and Kraken, seeking master accounts with the Fed).
 - HB19 - Exempts digital currency from WY Money Transmitter laws
 - SF111 – Exempts digital currencies from property taxes
 - NB70 –WY Secretary of State can use blockchain for commercial filings
 - HB62 – Clarifies crypto as new type of intangible personal property in WY
 - SF125 – Defines property rights and custody rules for digital assets
- Nebraska
 - Nebraska Financial Innovation Act into law on May 26, 2021, which became effective on Oct. 1, 2021.
 - The Act authorizes a new charter for digital asset depositories and puts the state of Nebraska on the forefront of financial innovation and regulation of the blockchain/cryptocurrency industry.



Q&A



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