

## Name of the New Reporting Rules

The new reporting rules effective December 2025 (originally set for December 1, 2025, but postponed to March 1, 2026, as of September 30, 2025) are formally titled

This final rule, issued by the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) on August 28, 2024, requires certain professionals involved in real estate closings and settlements (e.g., title agents, settlement agents, or attorneys) to report information about non-financed transfers of residential real property to legal entities or trusts. The goal is to enhance transparency, combat money laundering, and address illicit finance risks in the U.S. residential real estate sector by curtailing anonymous "all-cash" purchases that obscure beneficial ownership. Reports must be filed within 30 days of closing, with recordkeeping required for five years.

This rule builds on prior Geographic Targeting Orders (GTOs) and fulfills a congressional mandate from the 2021 Corporate Transparency Act, closing a long-standing exemption for real estate professionals under the Bank Secrecy Act (BSA). For more details, refer to the official [Detailed Filing Requirements](#)

### **FinCEN Final Rule: Anti-Money Laundering Regulations for Residential Real Estate Transfers** (*Effective March 1, 2026 – delayed from December 1, 2025*)

The U.S. Treasury's Financial Crimes Enforcement Network (FinCEN) issued this rule on **August 28, 2024**, to close a major vulnerability in the U.S. residential real estate sector: **non-financed (all-cash) transfers to legal entities or trusts** that obscure beneficial ownership.

Below is a **comprehensive breakdown** of **who must file, what must be reported, when, how, and recordkeeping obligations**.

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## 1. Who Must File? (Reporting Persons)

The rule adopts a **"cascading" reporting hierarchy** — the obligation falls on the **first person in the closing process** who performs one of the following functions:

Priority	Reporting Person	Definition
1	<b>Title insurance issuer or agent</b>	Any person that underwrites or issues title insurance.
2	<b>Settlement/closing agent</b>	Person who prepares settlement statements, handles funds, or conducts closing.
3	<b>Attorney or law firm</b>	If they perform settlement functions (e.g., escrow, closing).

Priority	Reporting Person	Definition
4	<b>Person preparing the deed</b>	If none of the above are involved.
5	<b>No reporting person</b>	If <b>no</b> professional is involved (e.g., direct seller-to-buyer transfer with no agent), <b>no report is required</b> (but rare).

**Only one report per transfer** — the highest-priority person files. Others are relieved of duty.

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## 2. What Transactions Trigger Reporting? (Reportable Transfers)

Included	Excluded
Transfer of <b>residential real property</b>	Commercial, industrial, or agricultural property
To a <b>legal entity</b> (LLC, corp, partnership, etc.) or <b>trust</b>	Transfers to <b>natural persons</b> (individuals)
<b>Non-financed</b> (no mortgage or loan from a financial institution)	Financed transfers (even if small loan)
<b>Ownership interest</b> transferred (fee simple, condo, co-op, etc.)	Leases, easements, timeshares, mineral rights
<b>U.S. real property located anywhere in the U.S.</b>	Foreign property

**“Residential real property”** = 1–4 family homes, condos, co-ops, or vacant land zoned residential.

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## 3. Who Is the “Transferee”? (The Reported Party)

The **transferee entity or trust** receiving the property — **not** the individual signing the deed.

But FinCEN requires **beneficial ownership information** of:

Beneficial Owner	Definition
<b>Individual who:</b>	(1) Exercises <b>substantial control</b> (e.g., CEO, trustee, managing member), <b>OR</b> (2) Owns or controls <b>≥25%</b> of the ownership interests

Up to **5 beneficial owners** must be reported per transferee.

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## 4. What Information Must Be Reported?

The **Real Estate Report** (electronic form via FinCEN portal) requires:

Category	Required Data
<b>A. Reporting Person</b>	Name, address, TIN, role in transaction
<b>B. Transferee Entity/Trust</b>	Full legal name, address, TIN (if any), formation jurisdiction
<b>C. Beneficial Owners (each)</b>	Full name, DOB, residential address, ID number (passport, driver's license) + issuing jurisdiction, <b>image of ID</b>
<b>D. Property</b>	Street address, legal description, parcel ID, date of transfer, total consideration (USD)
<b>E. Transferor (Seller)</b>	Name, address (individual or entity)
<b>F. Payment Details</b>	Amount paid, method (cash, wire, check), account numbers (if wire), payor name
<b>G. Certification</b>	Signature by reporting person certifying accuracy

**No dollar threshold** — **all** qualifying non-financed transfers must be reported, regardless of price.

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## 5. When Must the Report Be Filed?

Event	Deadline
<b>Closing/settlement date</b>	<b>Within 30 calendar days</b>
Late filing	Civil penalties up to <b>\$2,024 per day</b> (adjusted annually)

The clock starts on the **date of closing**, not contract or title transfer.

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## 6. How to File

- Access:** FinCEN BSA E-Filing System (same as SARs/CTRs)
- Form:** New **"Real Estate Report"** (not yet live; will be released before March 2026)
- Format:** **Electronic only** — no paper filings
- No fee** to file

Reporting persons must register for a FinCEN Portal account in advance.

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## 7. Recordkeeping Requirements

Document	Retention Period
Copy of filed Real Estate Report	<b>5 years</b>
Supporting documents (IDs, closing statements, wires)	<b>5 years</b>
Internal compliance policies (if applicable)	<b>5 years</b>

Must be retrievable upon FinCEN or law enforcement request.

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## 8. Penalties for Non-Compliance

Violation	Penalty
Willful failure to file	Up to <b>\$100,000</b> + 5 years prison
Negligent violation	Up to <b>\$1,138</b> per violation
Pattern of negligent violations	Up to <b>\$94,634</b> per year
Late filing	<b>\$2,024 per day</b>

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## 9. Key Exclusions & Clarifications

Scenario	Report Required?
Gift or inheritance to a trust	<b>No</b> (no consideration)
Transfer to a revocable trust (grantor = beneficiary)	<b>No</b> (same beneficial owner)
Transfer financed by a bank mortgage	<b>No</b>
Sale of a 3-unit rental property to an LLC (cash)	<b>Yes</b>
Foreign buyer using U.S. LLC (no loan)	<b>Yes</b>
Flip by developer to individual (cash)	<b>No</b> (transferee is individual)

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## 10. Official Resources

- **Federal Register Notice (Aug 29, 2024):** [89 FR 70283](https://www.federalregister.gov/documents/2024/08/29/2024-18283)
- **FinCEN Rule Page:** [fincen.gov/real-estate-rule](https://www.fincen.gov/real-estate-rule)
- **Delay Notice (Sep 30, 2025):** Extended effective date to **March 1, 2026**

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## Summary Flowchart

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- Is it residential real property? → Yes
  - └ Is it sold to a legal entity or trust? → Yes
    - └ Is it non-financed (no bank loan)? → Yes
      - └ Report due in 30 days by highest-priority closing professional

This rule represents the **most significant AML reform in U.S. real estate in decades**, ending decades of anonymity in all-cash entity purchases.

deral Register publication.