



# **FinCEN Rule Making: Residential Real Estate Rule and Reporting**

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# NEW RULE

## SUMMARY OF THE REAL ESTATE REPORTING RULE-Effective March 1, 2026

Purpose: Address illicit finance vulnerabilities in the U.S. residential real estate sector and curtail the ability of illicit actors to anonymously launder illicit proceeds through transfers of residential real property.

Requires designated persons involved in real estate closings and settlements to submit a Real Estate Report (RER) and keep records on

- Non-financed transfers of residential real property,
- To specified legal entities and trusts,
- Unless specifically excluded.

Transfers made directly to an individual are not covered.

Transfers meeting the rule's requirements must be reported regardless of purchase price or the value of the property (e.g. gifts and family transfers for no consideration are included).



# Real Estate Reports- The Basic Rule

- What it requires: A Reportable Transfer as defined in paragraph (b)  
Shall be reported to FinCEN by a reporting person as defined in  
paragraph (c)
- The report will include the information about
  - (d) the reporting person;
  - (e) the transferee;
  - (f) the transferor;
  - (g) the property;
  - (h) the payments;
  - (i) if a ‘hard money’ loan

# Real Estate Reports- The Basic Rule

- The reporting person may reasonably rely on information from others as described in paragraph (j)
- The report shall be filed as described in paragraph (k)
- Information to be retained is specified in paragraph (l)
- The fact of making the report is not confidential per paragraph (m)
- Additional definitions are found at 31 CFR 1010.100



## Where/How Filed

- Only electronically at FinCEN website
- No filing fee
- Information collected can only be shared with a limited group, generally for law enforcement purposes
- Third party vendors can do filing, cannot take on liability unless in the cascade list
- “Testing” site currently available
  - [FinCEN.gov/rre-reference-materials](https://FinCEN.gov/rre-reference-materials)



# Real Estate Reports- Who Reports?

## “The Cascade”

- Settlement/Closing agent per settlement statement
  - Person who prepares the settlement statement
    - Person who underwrites owners title insurance policy
      - Person who disburses funds (if more than one, largest disbursements)
      - Person who evaluates title
        - Person who prepares deed or transfer document

Can delegate to another in the list

Must be in writing for each transaction delegated



# Real Estate Reports- What Information?

## If Transferee is an Entity:

For Transferee or Transferor

- Name
- Address
- TIN

For Transferee only, name of signing individual(s) and

For each individual beneficial owner (as defined):

Name

Date of Birth

Address

Citizenship

TIN



# Real Estate Reports- What Information?

## If Transferee is a Trust:

For Transferee or Transferor

- Name of Trust
- Date of execution
- TIN

For Trustee

- Name
- Address
- TIN

For all trust individual  
beneficiaries (as defined)

- Name
- Date of birth
- Address
- Citizenship
- TIN
- Category of beneficial  
ownership



## Real Estate Reports- Additional Information

- Beneficiary Information
  - At individual level- MUST run all names in OFEC Designated Nationals List
- Lender Information
  - Non AML/SAR compliant
  - Hard money lender
- Payment Information
  - Amount
  - Method
  - Name of financial institution

Property Information

- Street address
- Legal Description
- Date of Closing



## Description Limitation

1,445 characters full description  
First 1,000 characters

A certain parcel of land with the buildings thereon, known as 288 South Main Street, situated in Centerville, in the County of Barnstable, Massachusetts, being shown and delineated on a plan entitled, "Plan of Land in Centerville, Massachusetts, as surveyed for Seabury W. Bearse; Scale: 1" = 30'; May 1926," said parcel being more particularly bounded and described as follows:

Beginning at a stake on the southerly side of the town highway adjoining land now or formerly of Aaron S. Crosby and his heirs,

Thence running N 79° 30' E along the southerly side of the town highway for a distance of 109.80 feet to a stone, adjoining land now or formerly of the Estate of Howard Marston;

Thence turning and running S 42° 15' E by land now or formerly of the Estate of Howard Marston for a distance of 54 feet to another stone bound adjoining the northwesterly side of the state highway as shown on said plan, now the town road leading from Hyannis to Centerville;

Thence turning and running S 47° 45' W along the northwesterly sideline of the said town road leading to Hyannis for a distance of 154.90 feet to a stake adjoining land now or formerly of the heirs of Aaron S. Crosby, as shown on said plan;

Thence turning and running by the center line of a ditch N 13° 30' W for a distance of 127.00 feet, more or less, to the first mentioned bound and point of beginning, at the stake on the southerly sideline of the town way, all as shown on said plan.

# Non-compliance

## CIVIL

***Negligent violations*** - civil penalty of not more than \$1,394 for each violation, and an additional civil money penalty of up to \$108,489 for a pattern of negligent activity.

***Willful violations*** - not more than the greater of the amount involved in the transaction (not to exceed \$278,937) or \$69,733.30

## CRIMINAL

***Willful violations*** - Term of imprisonment of not more than five years or a criminal fine of not more than \$250,000, or both.

## What Transfers are exempt

- Where the transferee is already reporting (see list)
  - Publicly traded corporation, bank
- Transfer of easement
- Transfer in a court proceeding
- Transfer in bankruptcy
- Transfer due to death
- Transfer due to divorce/dissolution of marriage/union
  - Court oversight
  - Query on extent if not by will or to family member

## What Transfers are exempt

- Transfer to a qualified intermediary in a 1031 Exchange
- Transfer with no reporting person
- Transfer between individual and/or spouse to a trust as settlor/grantor (limited use)

## Are these ‘per se’ Exempt Transactions:

- Transfer for no consideration for estate planning? NO
- Transfer with financing from “Bank of Mom & Dad? NO
- Funds provided from existing home equity loan? NO

## What is “Non-Financed”

- Without a loan or similar form of financing from a financial institution subject to AML programs and SAR reporting
  - Is NMLS number enough? [www.nmlsconsumeraccess.org](http://www.nmlsconsumeraccess.org)

## What is “Residential Property”

- 1-4 family, condo, coop, second home, mixed use
  - What about intended use? Vacant land or conversion?

## What is a “Reporting Person”

- Use the cascade
- Must include information about the reporter
- Can’t just ‘opt-out’ and make next person do it

## What will assist compliance?

### What will make buyers and sellers provide information

- Settlement agent/closing attorney cannot file incomplete report
- Consider adding addendum to Purchase contract
  - REBA working of final version
- Consider adding requirement to Schedule B-1 of Commitment
  - Title Underwriters have resources

### How to get the necessary information

- Use Rule's safe harbor of 'reasonable reliance'
- ALTA has data collection forms at website
- Check with title and closing software company/underwriter
- Forewarn real estate agents (educate)



# Questions ?

