



Oh BOI! More Beneficial Ownership Information Reporting Rules

The “Beneficial Ownership Reporting Rule” was introduced by the Financial Crimes Enforcement Network (FINCen) to combat money laundering, terrorism financing, and other illicit financial activities. Effective January 1, 2024, the Beneficial Ownership Reporting Rule requires that limited liability companies, corporations, limited partnerships, and other types of entities file a report disclosing the identities of individuals who directly or indirectly own at least 25% of the entity or control its operations. Failure to comply with reporting obligations may result in fines and criminal penalties.

On February 7, 2024, FINCen issued a Notice of Proposed Rulemaking regarding the “Real Estate Reporting Rule” aimed at cash transactions for residential real estate. This proposed rule would require certain real estate professionals involved in closings to collect and report information on beneficial owners when the purchase or sale of residential real estate is done in cash. This information will be disclosed in a “Real Estate Report” which is different from the Beneficial Ownership Information report required under the existing Beneficial Ownership Reporting Rule.

Key Aspects of the Proposed Real Estate Reporting Rule.

The Real Estate Reporting Rule would require reporting on various types of residential property transfers, including single-family houses, townhouses, condominiums, and cooperatives, as well as buildings designed for occupancy by one to four families. It would also require reporting on transfers of vacant or unimproved land that is zoned or permitted for occupancy by one to four families. In the case of reportable purchases, there is no threshold purchase price for the transfer. The transfer would be reportable irrespective of purchase price. Likewise, transfers of ownership for which no consideration is exchanged, such as a gift, would need to be reported.

Real estate professionals (including attorneys, title insurance companies, brokers, and agents) would be responsible for identifying and verifying the identities of the beneficial owners of legal entities engaged in covered transactions. Additionally, real estate professionals will have to retain records of their beneficial ownership inquiries and share them with FINCen upon request.

The Real Estate Report will include information about the following five items:

- (1) the purchasing entity or purchasing trust,
- (2) the individuals representing the purchasing entity or purchasing trust, including the name, address, date of birth, and Social Security number (or passport number for foreign individuals) of each beneficial owner,
- (3) the reporting person or business,

- (4) the seller, and
- (5) information about any payments made.

Buyers engaging in cash transactions for residential real estate should be aware of the increased scrutiny and disclosure requirements associated with the new rule. They may need to provide additional information and documentation to facilitate compliance and ensure a smooth transaction process. Although the Real Estate Reporting Rule will only cover residential real estate cash transactions, FINCen anticipates issuing a similar disclosure rule directed at commercial real estate cash transactions.

Obtaining Your FINCen ID.

One key step to streamline compliance and reduce the administrative burden on your organization with reporting under the Beneficial Ownership Reporting Rule and the proposed Real Estate Reporting Rule is to obtain a FINCen identifier (“FINCen ID”). Rather than reproducing or sharing sensitive personal information every time you need to submit a report for an entity, you can simply enter your FINCen ID. Applying for a FINCen ID only takes a few minutes and you stand to benefit from efficiency and reduced risk of identity theft. Reporting companies may request a FINCen ID by checking a box on the beneficial ownership information report upon submission. Individuals can obtain their FINCen ID [here](#).

Our team of experienced attorneys can provide guidance on understanding your reporting obligations, obtaining a FINCen ID, and navigating the complexities of regulatory compliance with applicable regulations. Please do not hesitate to reach out to us if you have any questions or require assistance with compliance efforts related to the FINCen Beneficial Ownership Reporting Rule or the proposed Real Estate Reporting Rule. We are committed to supporting your organization in meeting its regulatory responsibilities.

For more information, please contact [Gabe Alonso](#) or view prior AM Law Alert articles on the subject, listed below.

[I'm From the Government and I'm Here to Help; New Reporting Requirements Pursuant to the Corporate Transparency Act](#)

[Beneficial Ownership Reporting is Imminent: What this Means for your Business](#)

[Proposed Owner Disclosure Rules Will Affect Your Business](#)

[Final Rule Announced for New Owner Disclosure Requirements](#)