



FinCEN’s Residential Real Estate Reporting Requirements: What Real Estate Professionals Need to Know

On March 1, 2026, the Financial Crimes Enforcement Network’s (“FinCEN”) rule establishing nationwide reporting requirements for certain residential real estate transfers took effect, marking a significant expansion of the federal government’s efforts to combat money laundering through the U.S. real estate market. The rule, which stems from the Corporate Transparency Act and FinCEN’s broader anti-money laundering (“AML”) mandate, is designed to increase transparency in all-cash and non-financed real estate transactions that have historically evaded scrutiny under the Bank Secrecy Act (“BSA”). FinCEN has resources on their [website](#), including guidance, FAQs, and a real estate reporting form to help with compliance under the new rule. Below is a summary of the key aspects of the rule and what they mean for real estate professionals, investors, and legal practitioners.

Background

For years, federal regulators have identified the U.S. residential real estate market as a significant vulnerability in the nation’s AML framework. While traditional mortgage-financed transactions are already subject to BSA reporting through financial institutions, transactions that do not involve traditional financing — particularly those conducted through legal entities or trusts — have remained a blind spot. FinCEN previously addressed this gap on a limited, geographic basis through a series of Geographic Targeting Orders (“GTOs”), which required title insurance companies in select metropolitan areas to report certain all-cash purchases above specified thresholds. The new rule replaces and significantly expands upon the GTO program by establishing a permanent, nationwide reporting regime.

Who Must Report

The rule designates “reporting persons” who bear the obligation to file reports with FinCEN. The reporting obligation generally falls on professionals involved in the closing or settlement of a covered residential real estate transaction. In most cases, the reporting person will be the individual or entity that is responsible for ordering or issuing a title insurance policy, or, if no title insurance is involved, the person who prepares or performs the closing or settlement of the transaction. The rule establishes a cascading framework to determine the reporting person when multiple parties are involved in a transaction, ensuring that a single party bears the reporting obligation for each covered transfer.

What Transactions Are Covered

The rule applies to transfers of residential real property where the transferee (i.e., the buyer or recipient of the property) is a legal entity or trust, and where the transfer is made without the involvement of a loan or other extension of credit from a financial institution subject to BSA reporting requirements. In practical terms, this means that the rule principally targets all-cash purchases, transactions financed by non-institutional lenders, and other non-traditional financing

arrangements involving entity or trust purchasers. Transfers to individuals in their personal capacity, as well as transfers financed through traditional, BSA-regulated mortgage lenders, are generally excluded from the reporting requirements.

The rule covers a broad range of residential real property, including single-family homes, townhouses, condominiums, cooperatives, and small residential buildings, as well as vacant land that is intended to be developed for residential use.

What Transactions Are Exempt

The rule includes a number of exemptions that narrow the scope of covered transactions. Understanding these exemptions is critical for reporting persons seeking to determine whether a particular transfer triggers a reporting obligation. A summary of the exemptions follows:

Transfers to individuals. As noted above, transfers of residential real property to natural persons acting in their individual capacity – rather than through a legal entity or trust – are not subject to the reporting requirements. This exemption reflects FinCEN's focus on the opacity associated with entity and trust ownership.

Transfers involving traditional financing. As noted above, transfers financed through a loan or other extension of credit from a financial institution that is itself subject to BSA reporting obligations are generally exempt. The rationale for this exemption is that the financial institution's own AML compliance program provides a layer of scrutiny that reduces the risk of illicit activity in these transactions.

Certain entity types. The rule exempts transfers to certain categories of entities that are already subject to substantial regulatory oversight or public disclosure requirements. These include, among others, publicly traded companies and their subsidiaries, government-sponsored enterprises, regulated financial institutions such as banks and credit unions, insurance companies, and entities registered with the Securities and Exchange Commission. Because these entities are already transparent to regulators, FinCEN determined that subjecting them to additional reporting would be duplicative.

Certain transfers by operation of law. Transfers that occur automatically by operation of law – such as those resulting from a court order, a death, or a divorce decree – are generally excluded from the reporting requirements, as these transfers are typically not the product of voluntary, arm-length negotiations that could be used to obscure the source of funds.

Real estate professionals should carefully evaluate each transaction against these exemptions and document the basis for any determination that a particular transaction is not reportable.

What Must Be Reported

Reporting persons are required to file a Real Estate Report with FinCEN that includes detailed information about the transaction, the transferee entity or trust, and the beneficial owners or trustees of the transferee. Specifically, the report must include the following categories of information:

Transaction details. The report must include the date of the closing or transfer, the total consideration paid, the address and description of the property, and other basic transactional information.

Transferee information. The report must identify the legal entity or trust that is acquiring the property, including its full legal name, jurisdiction of formation or organization, taxpayer identification number, and principal place of business.

Beneficial ownership information. For transferee entities, the report must disclose the identity of the individual or individuals who are the beneficial owners of the entity, including each beneficial owner's full legal name, date of birth, address, and a unique identifying number from an acceptable identification document (such as a passport or driver's license). For transferee trusts, similar identifying information must be provided for the trustee or other person authorized to act on behalf of the trust.

Reporting person information. The report must also identify the reporting person, including the individual and, if applicable, the business on whose behalf the individual is acting.

Compliance Timeline

Reporting persons are required to file Real Estate Reports with FinCEN within 30 days of the closing or transfer of the covered residential real estate transaction. Real estate professionals, title companies, attorneys, and others who may qualify as reporting persons should take immediate steps to review their internal processes and develop compliance procedures to ensure timely and accurate reporting.

Penalties for Noncompliance

Failure to comply with the reporting requirements may result in significant civil and criminal penalties under the BSA. Civil penalties may include monetary fines for each violation, while willful violations may result in criminal prosecution, including fines and imprisonment. FinCEN has signaled that it intends to take an active enforcement posture with respect to the new rule, underscoring the importance of prompt compliance.

Conclusion

FinCEN's residential real estate reporting rule imposes new compliance obligations on real estate professionals, as a result of the federal government's ongoing attempt at preventing the misuse of the U.S. real estate market for illicit purposes. Stakeholders should act promptly to understand their obligations, prepare their operations, and ensure full compliance with these new requirements.

For further information on these developments, please contact [Josh Cunningham](#).