

FINCEN'S NEW REAL ESTATE RULE

Takes Effect March 1, 2026



What's Changing

Effective March 1, 2026, the Financial Crimes Enforcement Network (FinCEN), a bureau of the U.S. Department of the Treasury, will begin enforcing a major anti-money-laundering reporting requirement that applies nationwide to certain residential real estate transactions.

This rule is known as the Residential Real Estate Rule (RRE Rule) and replaces the older, limited Geographic Targeting Orders (GTOs) with a permanent, nationwide reporting regime. There is no longer a geographical limit, all transfers in all jurisdictions are impacted. This is also no longer temporary, the GTOs were repeatedly extended, but this is now a permanent rule.

The purpose of the rule is to increase transparency in the real estate market and combat illicit finance and money laundering through the purchase of residential property.

What Transactions Are Covered

The new reporting requirements kick in when three key conditions are met:

1. The property involved is residential real estate (including one-to-four unit homes, condos, co-ops, and some vacant land intended for 1–4 family development).
2. The transfer is non-financed, meaning it doesn't involve financing from a regulated financial institution (e.g., all-cash sales or private financing not subject to AML/SAR obligations).
3. The buyer (transferee) is a legal entity or trust, such as an LLC, corporation, partnership, or trust, NOT an individual buying in their own name.

If all three conditions are met, then the transfer becomes a "reportable transfer." The parties involved must file a Real Estate Report with FinCEN detailing the transaction and the beneficial ownership of the entity or trust buyer.

Who Must File the Report

The rule doesn't require the buyer or seller to report, rather, one qualifying participant in the closing or settlement process is designated as the "reporting person." FinCEN's guidelines set up a reporting hierarchy (or cascade) to determine which party is responsible if the parties don't agree otherwise. Typically, the reporting obligation falls on professionals such as:

- Settlement or closing agents
- Title agents or title insurers
- Attorneys handling the closing
- Others performing specific closing functions as defined by FinCEN

Reporting responsibility can also be assigned by written agreement among the parties. The report must be filed with FinCEN by the later of (a) 30 calendar days after closing, or (b) the last day of the month following the month of closing. Documentation used to collect beneficial ownership information and any reporting designations must be retained for five years.

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What This Means for Real Estate Agents

Real estate agents should be aware of these major implications:

- Helping clients understand that entity or trust buyers trigger new reporting obligations when there's no traditional bank financing.
- Sellers also now need to provide information in reportable transfers. It's no longer just the buyers that trigger reporting that have to provide their information. Their sellers do too.
- There is no longer a sales price limit on reportable transfers. Under the current GTO, most covered jurisdictions had a sales price threshold of \$300,000. That no longer applies.
- Being prepared for additional data collection at closing, especially around who the actual "beneficial owners" of LLCs or trusts are.
- Adjusting processes or checklists to capture required ownership information early so transactions don't get delayed at the last minute.

Even if an agent isn't the reporting person, understanding the rule helps with client communications, compliance, and coordination with title or settlement partners.

What Lenders Should Know

Although the rule focuses on non-financed transactions, lenders should still be aware because:

- Deals financed outside traditional bank AML frameworks, such as private notes or seller financing, may still trigger reporting if they meet the rule's definition of non-financed.
- Financing alone does not automatically make a deal exempt. Seller financing, private financing, and hard money loans are not excluded. Even if a lender is required to file AML/SAR reports for certain transactions, that does not necessarily exempt a deal if the particular financing structure (like a business-purpose loan on residential property) doesn't trigger those obligations.
- Lenders and their partners (brokers, servicers) need to be aware of the new reporting burden so they don't delay closings or inadvertently misclassify a transaction's reporting status.

Enhanced transparency requirements could impact investor and institutional financing strategies, especially when LLCs or trusts are commonly used for acquisitions.

First Integrity Title is fully equipped to support the updated FinCEN regulations and help keep your closings on track without disruptions.

Do you have further questions regarding FinCEN? Reach out to us today!