

FinCEN Reporting Rule AT A GLANCE

RESIDENTIAL REAL ESTATE

One to Four Family Homes

- Single Family Homes
- Duplexes
- Multi-Family Houses
- Farmhouses

Multiple Dwelling Unit Buildings

- Mixed use commercial buildings with apartments or condos
- Condominium Buildings & Units
- Apartment Buildings

Some Purchases of Vacant Land

- Vacant Land to build 1-4 family home
- Farmland with future farmhouse of dwelling
- Land to subdivide where purchaser will subdivide and build on lots

Shares of Cooperative Housing Corp.

- Co-op style apartment buildings & units
- Cabins or Cottages which are part of a Club or Camp



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The FinCEN Residential Real Estate Reporting Rule

FinCEN has published a final rule effective December 1, 2025, requiring reporting of certain real estate transactions.

The Rule considers ALL transfers of non-financed residential real estate to an entity to be "covered transactions" which must be reported to FinCEN.

- **Non-Financed Transactions** – include cash purchases, transfers for no consideration and mortgages from non-institutional lenders who are not subject to anti-money laundering regulations.
- **Residential Real Estate** – 1-4 family homes, residential units located in buildings, vacant land purchased with the intent to build a 1-4 family home and condominium & co-op units are all considered residential property under the Rule.
- **Entities** – Corporations, LLCs, Partnerships and Trusts are all entities covered by the Rule. Exceptions exists for large or otherwise regulated companies, govt. entities and statutory trusts.

Who Is Obligated To File Reports With FinCEN?

Settlement or Closing Agents are responsible for filing a report with FinCEN for covered transactions. If there is no Settlement Agent on the transaction then the next person on the list of parties in the "reporting cascade" becomes the reporting person.

The Reporting Cascade is a list of real estate professionals who would typically be involved in the transaction. The Rule uses a cascading order starting with:

1. The Settlement Agent, followed by
2. The Person who prepares the Closing Statement, followed by
3. The Person recording the deed, followed by
4. The Person who issues the owners title policy, followed by
5. The Person who disburses the most funds at closing, followed by
6. The Person who did the title exam or evaluates title, followed by
7. The Person who prepares the deed

FinCEN Reporting Begins On December 1st, 2025

Effective December 1st, 2025 all closings of covered transactions must be reported to FinCEN within 30 days of closing or by the end of the next month.

Beneficial Owner Information

FinCEN requires reporting of information about the Seller, the Property, the Transaction, the Reporting Person and the Purchasing Entity. In addition it must also include a list of any Beneficial Owners of the Purchasing Entity and certain information about them.

Beneficial Owners include:

- Owners of 25% or more of the entity
- Someone with substantial control of the entity such as a:
 - ❖ Senior Officer of Company
 - ❖ Member of the Board of Directors
 - ❖ Person with significant voting rights
 - ❖ Person with influence over decisions of the entity



Michael Aiken
SVP- Chief Legal Officer
maiken@invtitle.com



Paul E. Denbaum
Underwriting & Escrow Counsel
pdenbaum@invtitle.com

Reporting Cascade

The responsibility for filing a report with FinCEN is determined by a party's position in the cascade. The highest party in the Cascade must file the report. If there is no Settlement Agent involved, then it falls to who prepared the closing statement and so on, until a party in the cascade is identified as the reporting person.



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121 N. Columbia Street | Chapel Hill, NC 27514
800.326.4842 | invtitle.com