

FinCEN Reporting Rule

AT A GLANCE

The FinCEN Residential Real Estate Reporting Rule

FinCEN has published a final rule effective March 1, 2026, 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” that 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** include one to four family homes, residential units located in buildings, vacant land purchased with the intent to build one to four family homes, and condominium and co-op units.
- **Entities** include corporations, LLCs, partnerships, and trusts. Exceptions exist for large or otherwise regulated companies, government entities, and statutory trusts.

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 the company
 - Member of the board of directors
 - Person with significant voting rights
 - Person with influence over the decisions of the entity



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 party closing the transaction 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.

Closing or Settlement Agent

Preparer of Closing or Settlement Statement

Recorder of the Deed

Person who Underwrites Title Policy

Person who Disburses Most of the Funds

Person Providing Evaluation of Title

Deed Preparer

Any two of the above listed parties may enter into a designation agreement to set out who will file the report.

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 and units
- Apartment buildings



Some Purchases of Vacant Land

- Vacant land to build one to four family homes
- Farmland with future farmhouse or dwelling
- Land to subdivide where purchaser will subdivide and build on lots



Shares of Cooperative Housing Corp.

- Co-op style apartment buildings and units
- Cabins or cottages that are part of a club or camp

Who Is Obligated To File Reports With FinCEN?

The party closing the transaction is 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 party closing the transaction, followed by
2. The person who prepares the closing statement, followed by
3. The person who records 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 March 1, 2026

Effective March 1, 2026, all closings of covered transactions must be reported to FinCEN within 30 days of closing or by the end of the next month.

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FinCEN Reporting Essentials

The report must include information about the reporting person, the purchasing entity and its beneficial owner(s), the seller, the property, and the source of funds.

- A beneficial owner is someone who owns at least 25% of the entity or exercises substantial control over it, such as a senior officer or an individual with significant voting power or direct influence.
- The reporting person can reasonably rely on the information provided by the purchaser if they obtain a certification from the purchaser in writing.
- The filing of the report must be done through FinCEN's online filing system.

The rule is effective for all transactions that close on or after March 1, 2026.

The reporting person has 30 days from closing or until the end of the month after closing to file the report; otherwise, they may face potential civil and criminal penalties.



Is FinCEN Reporting Required?

