



## FinCEN's Anti-Money Laundering Regulations for Residential Real Estate

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### FinCEN Update

FinCEN's Anti-Money Laundering Regulations for Residential Real Estate Transfers

Aims to increase transparency and accountability in residential real estate transactions by requiring specific reporting requirements for certain non-financed transfers to legal entities or trusts, increasing efforts to combat money laundering in the housing market.



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### What is the Real Estate Report?

The Real Estate Report will be a new form that certain real estate professionals involved in certain real estate closings and settlements must file with FinCEN for certain transfers of residential real estate that are a high-risk for illicit finance.



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- Effective March 1, 2026
- FinCEN granted a temporary exemptive relief from the original December 1, 2025, date to give the industry time to prepare.




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### FinCEN Transactions – Cash, Cash, Cash

**What Transactions are Covered?**

The RRE Rule applies to all transactions involving the cash purchase of residential real estate in the U.S., and all territories, where at least one buyer/transferee is a legal entity, LLC, corporation, partnership, trust, trustee or other non-natural person.

**Cash Only?**

“Cash purchase” includes not only all-cash sales, but also transactions involving private or seller-financing. It also includes sale transactions or lines of credit involving a loan by a bank, mortgage broker or mortgage banker or other source that is not required to have an anti-money laundering program.




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### FinCEN Property Types

**What property types are included?**

- “Residential real estate” includes
- existing residential 1-4 family properties
  - single family houses
  - co-ops
  - condominiums
  - townhomes
  - mixed use and apartment buildings.

It also includes vacant land or a lot on which the purchaser intends to build a residential structure primarily for occupancy by 1-4 families.




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Let's Make it even easier....

Reportable Transactions must meet the following criteria:

- ✓ The property is residential real property;
- ✓ The transfer is non-financed;
- ✓ The property is transferred to a legal entity or trust, and
- ✓ An exemption does not apply.

\*\*Transfers made directly to an individual are not covered by this rule\*\*

\*\*Transfers meeting the rule's requirements must be reported regardless of purchase price or the value of the property. Gift transfers are included\*\*




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Exemptions

- ✓ A transfer of an easement
- ✓ A transfer resulting from the death of an individual, whether pursuant to the terms of a decedent's will or the terms of a trust, the operation of law, or by contractual provision
- ✓ A transfer incident to divorce or dissolution of a marriage or civil union
- ✓ A transfer to a bankruptcy estate
- ✓ A transfer supervised by a court in the United States
- ✓ A transfer made for no consideration by an individual, either alone or with their spouse, to a trust of which that individual, their spouse, or both of them, are the settlor or grantor
- ✓ A transfer to a qualified intermediary for purposes of a like-kind exchange under Section 1031 of the Internal Revenue Code
- ✓ A transfer for which there is no reporting person.




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FinCEN Data Collection

Expected Required Information

- Reporting person information
- Closing date
- Property address and full legal description
- Transferee/Buyer information
- Person(s) associated with the transferee (authorized signers and beneficial owners)
- Transferor/Seller information
- If the Transferor is Trust, provide the trustee's information
- Purchase price
- Payment Information, including bank account details for sourcing funds
- Detailed payment information for payments made on behalf of the Transferee/Buyer




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## Reasonable Reliance (CYA)

"The reporting person may reasonably rely on information collected from others under the conditions described in paragraph (j)."

(j) *Reasonable reliance*—(1) *General*. Except as described in paragraph (j)(2) of this section, the reporting person may rely upon information provided by other persons, absent knowledge of facts that would reasonably call into question the reliability of the information provided to the reporting person.

(2) *Certification when reporting beneficial ownership information*. For purposes of reporting information described in paragraphs (e)(1)(ii) and (e)(2)(iii) of this section, the reporting person may rely upon information provided by the transferee or a person representing the transferee in the reportable transfer, absent knowledge of facts that would reasonably call into question the reliability of the information to the reporting person, if the person providing the information certifies the accuracy of the information in writing to the best of the person's knowledge.

**USE YOUR BRAIN – IF IT MAKES SENSE GREAT, IF NOT, ASK QUESTIONS...IF IT DOESN'T MAKE SENSE DON'T RELY ON THAT CERTIFICATION.**



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## Who Submits? The Cascade of "Reporting Person"

"...the reporting person for a reportable transfer is the person engaged within the United States as a business in the provision of real estate closing and settlement services that is:"

- The person listed as the closing or settlement agent on the closing or settlement statement for the transfer
- Then the person that prepares the closing or settlement statement for the transfer...
- Then the person that files with the recordation office the deed or other instrument that transfers ownership of the residential real property...
- Then the person that underwrites an owner's title insurance policy for the transferee with respect to the transferred residential real property, such as a title insurance company...
- Then the person that disburses in any form, including from an escrow account, trust account, or lawyers' trust account, the greatest amount of funds in connection with the residential real property transfer...
- Then the person that provides an evaluation of the status of the title...
- Then the person that prepares the deed or, if no deed is involved, any other legal instrument that transfers ownership of the residential real property, including, with respect to shares in a cooperative housing corporation, the person who prepares the stock certificate.



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## Filing Procedures - Designation Agreement

Under the FinCEN AML rule, a **Designation Agreement** allows one party in the reporting cascade to delegate reporting responsibilities to another party within the same cascade.

Designation agreements are as follows:

- **A separate, written designation agreement is required for each transaction. No "Blanket" agreements with a provider.**
- This agreement transfers compliance liability for filing.
- A designation agreement may only be entered into with respect to someone else in the reporting cascade.
- 3rd party contractors may still be used to file and report on someone's behalf but there is no transfer of liability.



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## Filing Procedures

What?  
File a Real Estate Report

Where?  
Electronically with FinCEN per the instructions in the report.  
You must register first.

When?  
By later of either:  
Final day of month following the month in which the closing occurred OR 30 calendar days



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## Obtain Reporting Person Filing Ability with FinCEN

- Obtain FinCEN ID for Supervisor and Reporting Person(s)
- Create Supervisory User with FinCEN
  1. Create a Login.gov account at [Login.gov account](#).
  2. Access the FinCEN ID application.
  3. Complete the application by filling in required information including name, date of birth, address, and copy of identification document.
  4. Submit the application after certifying information.
  5. Receive your individual FinCEN ID.



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## RECORD KEEPING REQUIREMENTS

- Five years from filing of report
- Must designation agreements, and certifications.
- Note: All parties to a designation agreement must keep a copy.

### What Can You Do Now?

- Talk with IT Expert About Increased Costs of Storage
- Safely
  - Collecting Information
  - Storing Information
- Determine Access to Stored Information
- Developing Plan for Safe Destruction of No-Longer Needed Information



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Preparing for FinCEN

- Start thinking about your workflow...
- Identifying transactions
- Gathering data
- Buyer refusal
- Reporting
- Storage
- Training



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Begin Collection

- When will you ask if the transaction involves a buyer that is an entity or trust?
- How will you determine a transaction is reportable?
- Update your workflow to collect data.
- How will you track what's been collected and what is still outstanding?



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Pre-Closing

- Who will review the certifications for reasonable reliance purposes?
- How will you determine whether you have all the required information?
- If an exception or exemption applies, how will you document this determination?
- Will you require all necessary information be provided before scheduling closing? Before closing?



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**Nope. Not Going To.**

- What will your procedures be if a party refuses to provide the information?
- Will you designate a point person for refusing parties?
- Will you document the refusal?
- Will you still close the transaction?



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- Who's reporting to FinCEN?
- How will you verify & document FinCEN received the report?
- How will you make sure reports are filed on time?

**Recording and Post-Closing**



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**Storage**

- How and where is the certification, and/or the designation agreement being stored?
- What is your retention plan for the information?
- Who can access stored files if needed?



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• How will you train on the processes for your agency?

• When will you start audits for compliance and how will they be conducted?

• How will you document training and auditing?

**Training & Auditing**



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Civil penalty:

- Fines between \$1,394 and \$108,489 for each violation
- Each day a violation continues = a separate violation
- Failing to file or filing false/incomplete info is a violation

**Penalties for Non-Compliance**

Criminal penalty:

- Up to **\$250,000 in fines** and/or **5 years in prison** for willful noncompliance



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**Final thoughts**

Talk to your provider to discuss solutions

ALTA created a Certification Form to use with transaction partners. Available on ALTA's website.

Helpful sites

<https://www.fincen.gov/sites/default/files/shared/RREFactSheet.pdf>

<https://www.fincen.gov/rre-faqs>



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