Real Estate Agents

What you need to know about the new

FinCEN Reporting Rule

STARTING MARCH 1, 2026 certain residential real estate transactions must be reported to the Financial Crimes Enforcement Network (FinCEN). This rule is designed to combat money laundering and increase transparency in real estate transactions.

Let's work together to ensure smooth closings and full compliance.

- Update your workflows
- Train your team
- Educate your clients
- Coordinate with title and settlement professionals

What Agents Need to Know

While settlement agents (including attorneys acting as settlement agents) are responsible for filing, real estate agents play a critical role in identifying reportable transactions and preparing clients for a smooth transaction.

YOU'LL NEED TO:

Ask early if the buyer is an LLC, corporation, or trust and immediately alert the settlement agent if there are any changes.

Confirm whether financing involves a lender with an AML program.

Help Buyer and Seller clients timely gather or meet with appropriate professionals to gather:

- Entity/trust details
- Beneficial ownership information (Buyer only)
- Payment sources and bank details (Buyer only)

Why it Matters

Failure to comply can result in civil and criminal penalties, including imprisonment. Agents must be proactive to avoid delays and protect clients.

What Transactions are Reportable

A TRANSACTION MUST BE REPORTED IF:

- The property is residential real estate (including condos, townhomes, co-ops, and vacant land intended for 1–4 family structures)
- The transfer is non-financed (e.g., all-cash) or where the lender does not have an anti-money laundering (AML) program
- The buyer is a legal entity or trust
- No exemption applies

Common Exemptions

NO REPORT IS REQUIRED FOR:

- Transfers due to death, divorce, or bankruptcy
- 1031 reverse exchanges
- Specific, highly-regulated trusts and entities

To verify and for a list of all exemptions, see 31 C.F.R. 1031.320(b), (n)(10), (n)(11).

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