



CHICAGO TITLE[®]

**THE ANTI-MONEY LAUNDERING
REGULATIONS FOR RESIDENTIAL
REAL ESTATE TRANSFERS**

What Real Estate & Industry Professionals

Need To Know

WHY ARE WE HERE?

Illicit actors often favor non-financed transfers

(including "all-cash" sales) of residential real estate to avoid scrutiny from financial institutions that have anti-money laundering and countering the financing of terrorism (AML/CFT) program and Suspicious Activity Report (SAR) filing requirements under the Bank Secrecy Act.

Illicit actors also often hold residential real estate in the name of a legal entity or trust,

In an effort to obscure their identities and their ownership interests in the property. Transfers that are both non-financed and involve a transferee that is a legal entity or trust are of higher risk for money laundering and make the proceeds of crime and their owners more difficult to track and identify.

The reporting of these transfers will help curtail the anonymous laundering of illicit proceeds through the purchase of residential real property which threatens U.S. economic and national security.

Source: FinCEN Fact Sheet





WHY IS THERE NOW A RULE?

In an effort to combat money laundering, the Financial Crimes Enforcement Network (FinCEN) issued a new rule for residential real estate transfers. Reporting Persons will be required to report covered transactions beginning on **March 1, 2026.**

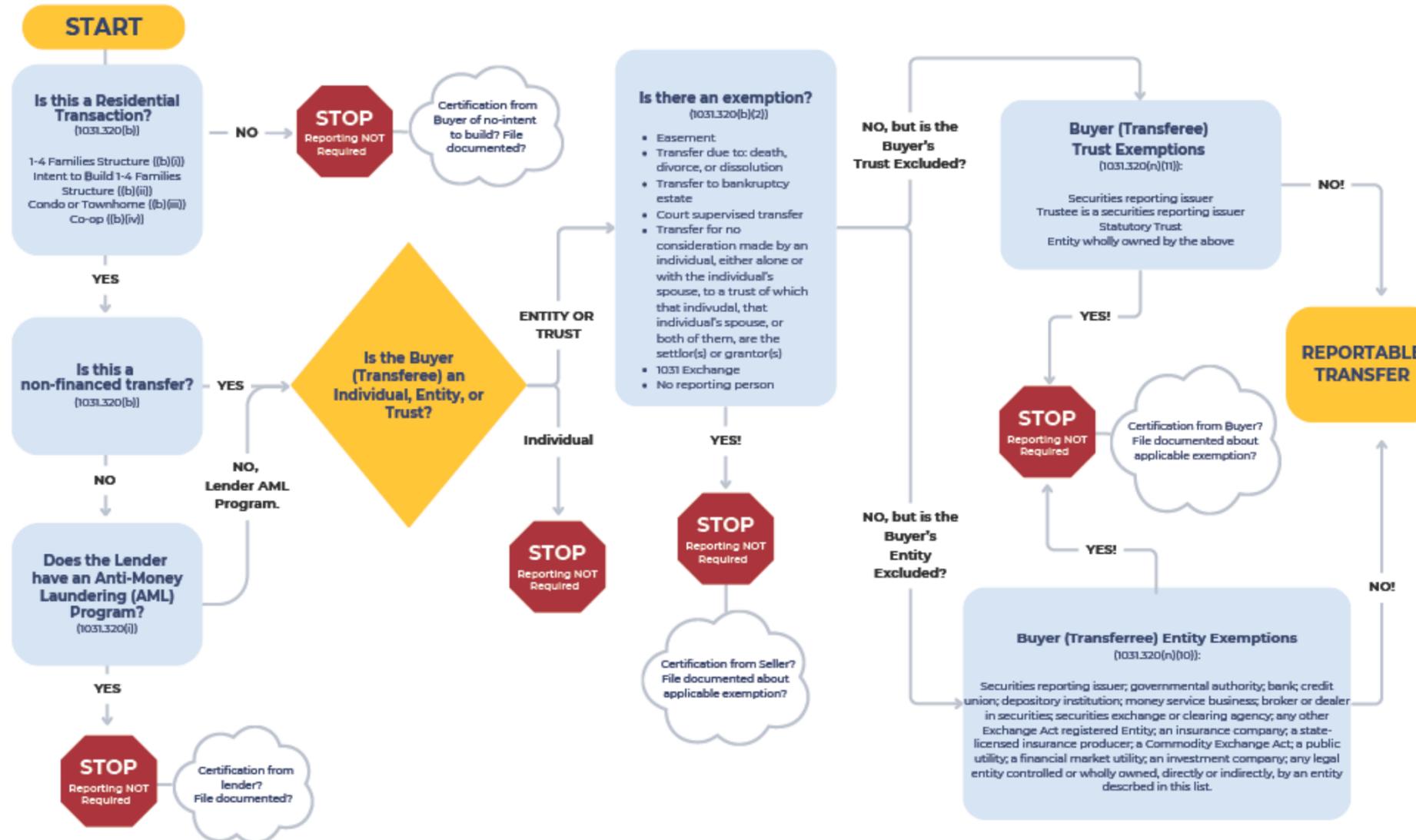


WHO IS ENFORCING IT?

FinCEN is a bureau of the U.S. Department of the Treasury. The Director of FinCEN is appointed by the Secretary of the Treasury and reports to the Treasury Under Secretary for Terrorism and Financial Intelligence. FinCEN's mission is to safeguard the financial system from illicit activity, counter money laundering and the financing of terrorism, and promote national security through strategic use of financial authorities and the collection, analysis, and dissemination of financial intelligence.

source: [fincen.gov](https://www.fincen.gov)

FinCEN Real Estate Report Required?



This information is for your reference only and is not intended to represent the only approach to any particular issue. These guidelines should not be construed as legal, financial or business advice. We recommend you consult your legal counsel and subject-matter experts to determine appropriate policies, procedures and strategies applicable to your office or organization.

WHAT PROPERTIES ARE TO BE REPORTED?

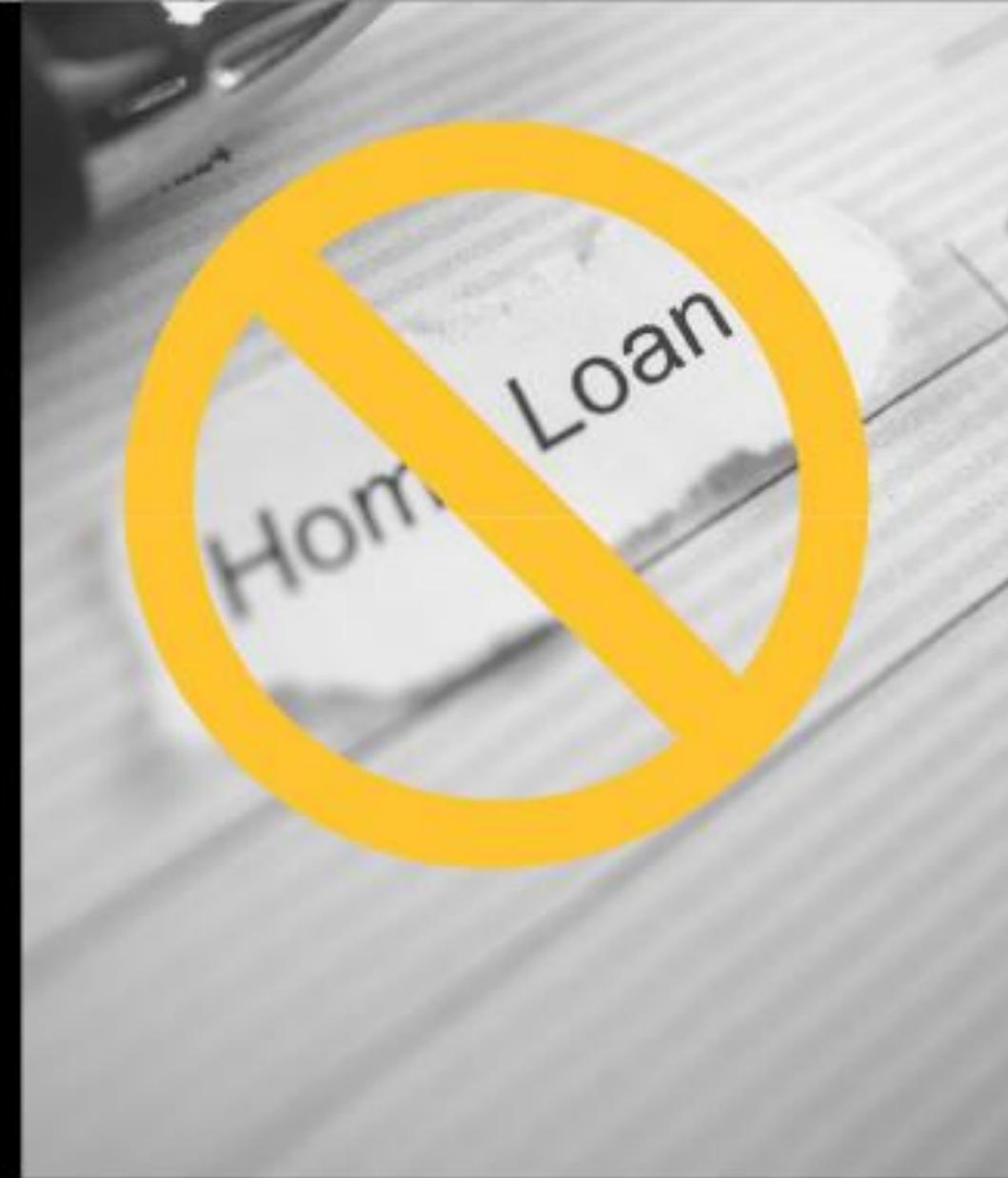
Transfers are reportable when they meet the following criteria:

- (1) the property is residential real property;
- (2) the transfer is non-financed;
- (3) the property is transferred to a legal entity or trust, and
- (4) an exemption does not apply.

Transfers meeting the rule's requirements must be reported regardless of purchase price or the value of the property. Gift transfers are thus subject to the rule.

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

Source: FinCEN Fact Sheet



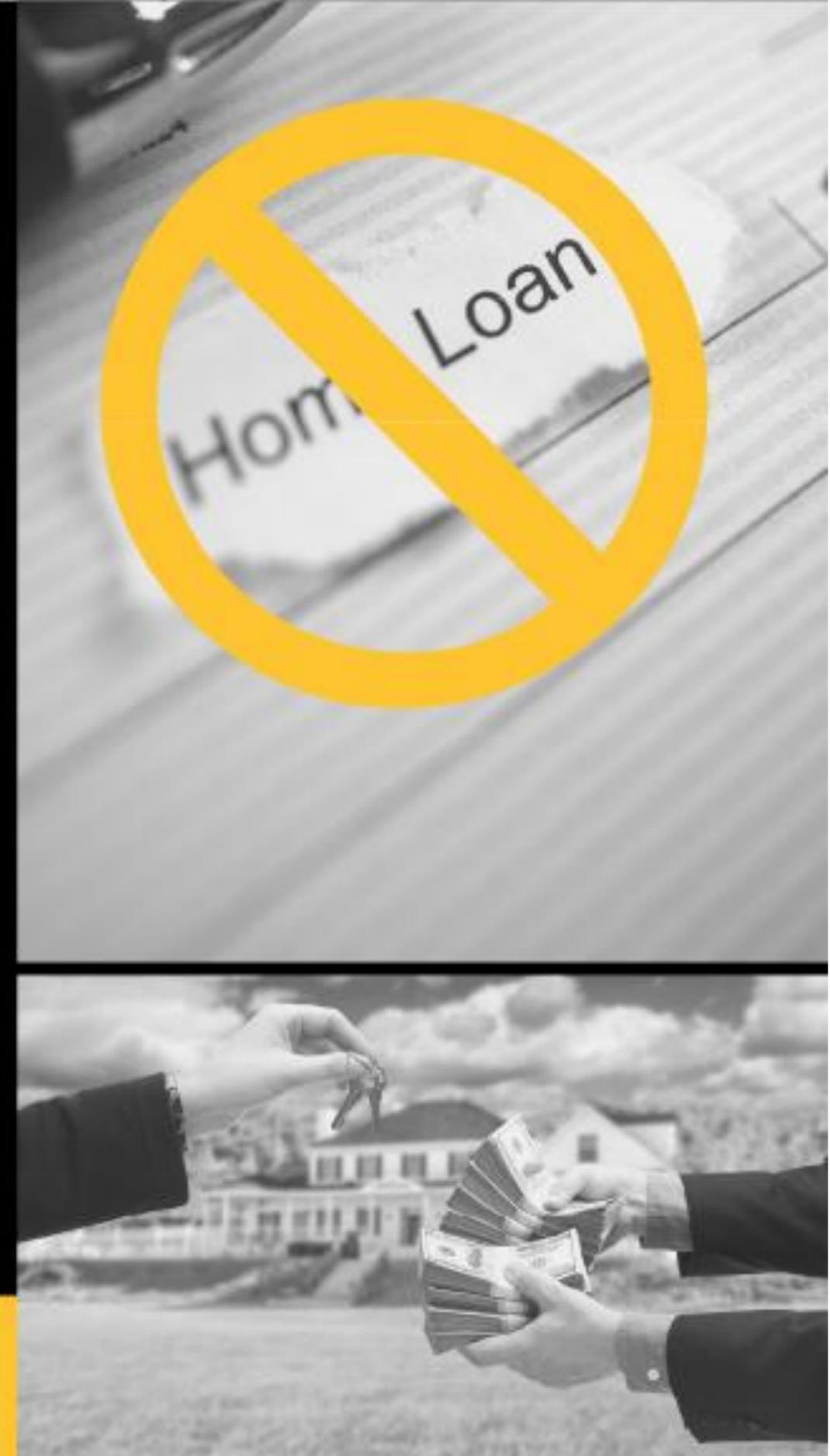
WHAT PROPERTIES ARE TO BE REPORTED?

Definition of Residential Real Property

The rule applies only to residential real property located in the United States. Reportable property includes single-family houses, townhouses, condominiums, and cooperatives, including condominiums and cooperatives in large buildings containing many such units, as well as entire apartment buildings designed for occupancy by one to four families.

The rule also requires reporting on transfers of land, such as vacant or unimproved land, on which the transferee intends to build a structure designed for occupancy by one to four families. Furthermore, a transfer of property may be reportable even if the property is mixed use, such as a single-family residence that is located above a commercial enterprise.

Source: FinCEN Fact Sheet



WHAT PROPERTIES ARE TO BE REPORTED?

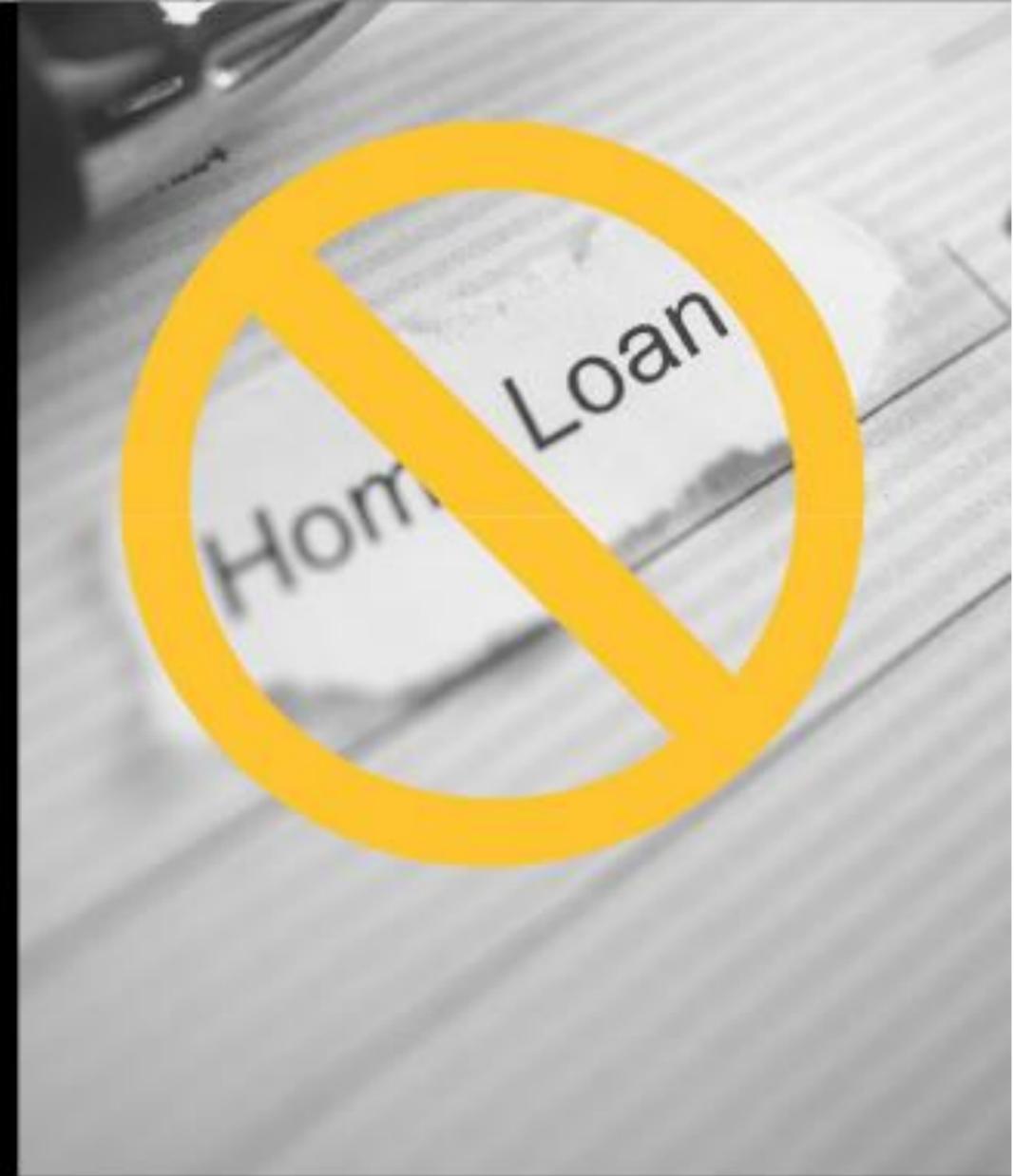
Definition of Non-Financed Transfer

For a transfer to be reportable, it must be non-financed, meaning that it does not involve an extension of credit to all transferees that is both

(1) secured by the transferred property and

(2) extended by a financial institution subject to an AML program and Suspicious Activity Report (SAR) obligations. Transfers that are financed only by a lender without an obligation to maintain an AML program and file SARs, such as a non-bank private lender, are treated as non-financed transfers that potentially must be reported.

Source: FinCEN Fact Sheet



WHAT PROPERTIES ARE TO BE REPORTED?

Definitions of Transferee Entity and Transfer Trust

A transfer of residential real property must be reported if at least one of the new owners of residential real property is a "transferee entity" or "transferee trust." These categories include legal vehicles commonly used to own property, such as limited liability companies, corporations, partnerships, and trusts. Both domestic and foreign entities and trusts are covered by the reporting requirement.

Certain definitional exemptions apply for highly regulated types of legal entities and trusts that are less likely to be used by illicit actors to launder money through residential real property.

Source: FinCEN Fact Sheet



EXEMPTIONS FROM REPORTING

Exemptions are provided for certain common, lower-risk transfers. A reportable transfer does not include:

- 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

Source: FinCEN Fact Sheet



EXEMPTIONS FROM REPORTING

Exemptions are provided for certain common, lower-risk transfers. A reportable transfer does not include:

- 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.

Source: FinCEN Fact Sheet



WHO IS GOING TO BE REPORTING?

Generally, the settlement agent is the one responsible to report transfers covered by this rule.



Source: FinCEN Fact Sheet

WHEN WILL OUR COMPANY BEGIN THE PROCESS OF COLLECTING DATA FROM CUSTOMERS?

For all new orders closing on or after March 1st, we began collecting data February 17th for those transactions affected by the rule.



REQUIRED INFORMATION

The final rule requires that a reporting person provide information about the transfer of residential real property identifying the following:

- The reporting person
- The legal entity (transferee entity) or trust (transferee trust) receiving ownership of the property.
- The beneficial owners of the transferee entity or transferee trust.
- Certain individuals signing documents on behalf of the transferee entity or transferee trust during the reportable transfer.
- The transferor (e.g., the seller)
- The residential real property being transferred
- Total consideration and certain information about any payments made

Source: FinCEN Fact Sheet



REQUIRED INFORMATION

(continued)

Beneficial owners of transferee entities:

To be a beneficial owner of a transferee entity, an individual must, either directly or indirectly, exercise "substantial control" over the transferee entity, or own or control at least 25 percent of the transferee entity's ownership interests.

This definition is consistent with the definition of a beneficial owner in FinCEN's Beneficial Ownership Information Reporting Rule.

See <https://fincen.gov/boi>.

SOURCE: FINCEN FACT SHEET



REQUIRED INFORMATION

(continued)

Beneficial owners of transferee trusts:

- The beneficial owner of a transferee trust is any individual who is a trustee or otherwise has authority to dispose of transferee trust assets; is a beneficiary who is the sole permissible recipient of income and principal from the transferee trust or who has the right to demand a distribution of, or to withdraw, substantially all of the assets of the transferee trust; is a grantor or settlor of a revocable trust; or is the beneficial owner of an entity or trust that holds one of these aforementioned positions in the trust.

SOURCE: FINCEN FACT SHEET



WHAT DOES THE REAL ESTATE REPORT LOOK LIKE FROM FINCEN?

Real Estate Report **FOR REFERENCE PURPOSES ONLY**

Home Reporting Person & Property Information Transferee Information Transferor Information Payment Information

 **Real Estate Report**
OMB No. 1506-0080

Version number: READ-ONLY
Release Date: 12/01/2025

Report Preparation & Submission Instructions:

Instructions 1. Complete the report in its entirety with all required information. Click **Instructions** for help.

Validate 2. Click **Validate** to ensure all entered data is properly formatted and that all required fields are completed.

Finalize 3. Click **Finalize** to sign with your PIN and lock the entries in the report in preparation for submission. Click **Edit Report** to unlock and make edits as needed.

Save 4. Click **Save** to retain a local copy of the report (this can be done at any time during report preparation).

Print 5. (Optional) Click **Print** to print a hard copy of your finalized report.

Ready to File 6. Click **Ready to File** (activated after the report is finalized and saved locally) to [begin the submission process](#).

* Filing name

Filing Information

1. * Type of filing a. Initial report
 b. Correct/Amend prior report
Prior report BSA Identifier (BSA ID)
 c. FinCEN directed back-filing

2. Date prepared
(Auto-filled when report is finalized)

3. Note to FinCEN

PAPERWORK REDUCTION ACT NOTICE
Public reporting and recordkeeping burden for this collection of information (which includes the recordkeeping burden associated with a designation agreement, if applicable) is estimated to average 4 hours and 20 minutes per response. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. Send comments regarding this burden estimate or any other aspect of this collection of information to the Department of Treasury, Financial Crimes Enforcement Network, PO Box 39, Vienna, VA 22183.

Real Estate Report **FOR REFERENCE PURPOSES ONLY**

Home Reporting Person & Property Information Transferee Information Transferor Information Payment Information

Part I. Reporting Person Information

4. * Reporting person category

Legal name

5. * Last name or entity legal name

6. If entity

7. First name

8. Middle name

9. Suffix

Address: Principal place of business in the U.S.

10. * Street address
(number, street, and apt. or suite no.)

11. * City

12. * U.S./U.S. Territory

13. * State/U.S. Territory

14. * ZIP code

15. * Date of closing

Part II. Property Information 1 of 1

Address (U.S./U.S. Territory)

16. * Street address No street address
(number, street, and apt. or suite no.)

17. * City

18. * U.S./U.S. Territory

19. * State/U.S. Territory

20. * ZIP code

Legal description

21. * Legal description type

Other description

22. * Legal description
(Enter the legal description of the property verbatim from the relevant deed in its entirety or the first 1000 characters)



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Home Reporting Person & Property Information Transferee Information Transferor Information Payment Information

Part III. Transferee Information 1 of 1

23. * Transferee type 24. Date trust instrument executed 25. If revocable trust

26. * Total consideration paid (in U.S. dollars) (Paid or to be paid, by or on behalf of this transferee) \$.00 No consideration paid

Legal name | Alternate name (if entity)

27. * Legal name

28. Alternate name

Address: Principal place of business (if entity) 29. Foreign principal place of business with no U.S. location

30. Address type 33. * Country/Jurisdiction

31. * Street address (number, street, and apt. or suite no.) 34. State/U.S. Territory

32. * City 35. ZIP/Foreign postal code

Identification No identification

36. * Identification type 38. Issuing jurisdiction (if foreign)

37. Identification number

Person(s) associated with this Transferee: 1 of 1

39. * Person type Beneficial Owner Signing Individual Trustee Legal Entity

If Beneficial Owner

40. Check if true Parent/guardian information instead of minor child

41. Category (check all that apply)

a. Individual trustee c. Sole permissible recipient of trust income or assets e. Beneficial owner of a legal entity or trust with authority to dispose of assets

b. Individual with authority to dispose of assets d. Grantor or settlor with the right to revoke or withdraw assets f. Beneficial owner of a legal entity or trust that is the sole permissible recipient of trust income or assets

g. Beneficial owner of a legal entity or trust that is a grantor or settlor with the right to revoke or withdraw assets h. Beneficial owner of legal entity or trust that is a grantor or settlor with the right to revoke or withdraw assets

42. Country/Jurisdiction of citizenship

If Signing Individual

43. Authorization capacity Other description

44. Name of employer, principal, or partnership

Legal name | Alternate name (if entity) | Date of birth (if beneficial owner/signing individual)

45. * Last name or entity legal name

46. Alternate name

47. First name 49. Suffix

48. Middle name 50. Date of birth

Address: Principal place of business (if entity) | Residential (if beneficial owner/signing individual) 51. Foreign principal place of business with no U.S. location

52. Address type 55. * Country/Jurisdiction

53. * Street address (number, street, and apt. or suite no.) 56. State/U.S. Territory

54. * City 57. ZIP/Foreign postal code

Identification No identification (if true for trustee entity only)

58. * Identification type 60. Issuing jurisdiction (if foreign)

59. Identification number

Real Estate Report FOR REFERENCE PURPOSES ONLY

Home Reporting Person & Property Information Transferee Information Transferor Information Payment Information

Part IV. Transferor Information 1 of 1

61. If Transferor is not an individual, select the appropriate type 62. Date trust instrument executed

Legal name | Alternate name (if entity) | Date of birth (if individual)

63. * Last name or entity legal name

64. Alternate name

65. First name 67. Suffix

66. Middle name 68. Date of birth

Address: Principal place of business (if entity) | Residential (if individual) 69. Foreign principal place of business with no U.S. location

70. Address type 73. * Country/Jurisdiction

71. * Street address (number, street, and apt. or suite no.) 74. State/U.S. Territory

72. * City 75. ZIP/Foreign postal code

Identification No identification (if true for transferor entity or trust only)

76. * Identification type 78. Issuing jurisdiction (if foreign)

77. Identification number

If the Transferor is a trust, then record the Trustee(s): 1 of 1

Legal name | Alternate name (if entity) | Date of birth (if individual)

79. * Last name or entity legal name

80. If entity

81. Alternate name

82. First name

83. Middle name

84. Suffix

Address: Principal place of business (if entity) | Residential (if individual) 85. Foreign principal place of business with no U.S. location

86. Address type 89. * Country/Jurisdiction

87. * Street address (number, street, and apt. or suite no.) 90. State/U.S. Territory

88. * City 91. ZIP/Foreign postal code

Identification No identification (if true for entity only)

92. * Identification type 94. Issuing jurisdiction (if foreign)

93. Identification number

Real Estate Report FOR REFERENCE PURPOSES ONLY

Home Reporting Person & Property Information Transferee Information Transferor Information Payment Information

Part V. Payment Information

95. * Total consideration paid (in U.S. dollars) (Paid or to be paid for the transfer as a whole) \$.00 No consideration paid

96. Check if true for the reportable transfer Hard money, private, or other similar loans involved in reportable transfer

97. Type of hard money, private, and other similar loans

Other description

Payment made by or on behalf of the Transferee entity/trust: 1 of 1

98. * Payment amount (in U.S. dollars) \$.00

99. * Payment method

Other description

100. If foreign payment method, select currency code

Other description

101. Check if true for this payment Payment is not from a financial institution account

102. Account number

103. Financial institution legal name

Transferee(s) associated with this payment

104. Check if true for this payment Payment associated with all recorded transfers in Part III

105. Associated transferee legal name

106. Check if true for this payment All payors are all recorded transferees in Part III or all recorded transferees in item 105

Payor(s) involved with this payment: (If item 106 is not checked)

107. Last name or entity legal name

108. If entity

109. First name

110. Middle name

111. Suffix

WHEN IS THE REPORT DUE?

The collection of the information about transfers covered by this rule will be collected by the settlement agent prior to closing.

Incomplete forms will not be accepted by FinCEN.

Source: FinCEN Fact Sheet



WHAT HAPPENS IF NOT REPORTED?



Criminal or Civil Liability

Criminal Violation	Penalty
Willful	Up to \$250,000 fine and 5 years in prison
Willful while violating another law	Up to \$500,000 fine and 10 years in prison
Structuring or assisting in structuring a transaction to avoid reporting	Fine and up to five years in prison

Civil Violation	Penalty
Willful (separate violation occurs for each day the violation continues and each location a violation occurs)	Greater of the amount involved up to \$100,000 (minimum \$25,000)
Failure to file a report, material misstatement or omission	Not to exceed the amount involved in the transaction
Structuring or assisting in structuring a transaction to avoid reporting	Not to exceed the amount involved in the transaction
Negligence	Not to exceed \$500 or \$50,000 if a pattern of negligence is found



How Can You Help Us?



EDUCATE

Educate your clients upfront. Inform them this is a federal regulation all settlement agents, buyers and sellers must comply with these requirements in qualified transfers.

CALM & COLLECTED

Keeping calm and discussing this with your clients will help them understand and prepare for these new requirements.

SUPPORT US

Support the escrow officer by encouraging your customer to provide the required information as soon as possible.

COMMUNICATE

Make sure to communicate with escrow before or at the beginning of the transaction if it is covered by the regulation in order to prepare for a smooth and successful closing.

WEBSITE & INFORMATION RESOURCES:

FINCEN ANNOUNCES POSTPONEMENT OF RESIDENTIAL REAL ESTATE REPORTING UNTIL MARCH 1, 2026

<https://www.fincen.gov/news/news-releases/fincen-announces-postponement-residential-real-estate-reporting-until-march-1>

RESIDENTIAL REAL ESTATE RULE

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

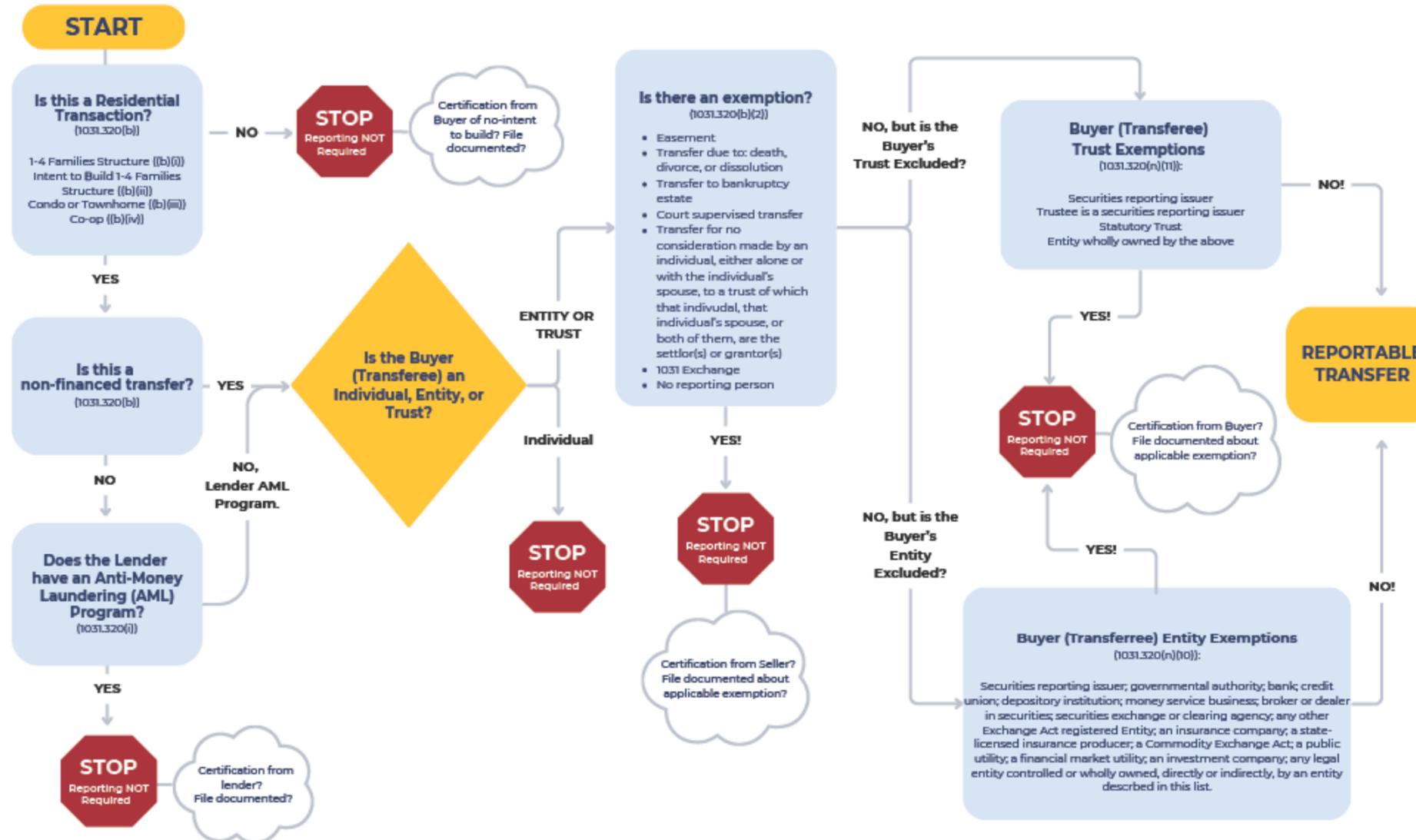
RESIDENTIAL REAL ESTATE REFERENCE MATERIALS

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

HISTORY OF ANTI-MONEY LAUNDERING LAWS

<https://www.fincen.gov/resources/history-anti-money-laundering-laws>

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ANY
QUESTIONS?

