



FinCEN Reporting

MONARCH TITLE COMPANY

New federal regulations issued by the Financial Crimes Enforcement Network (FinCEN) **effective March 1, 2026** require reporting for certain non-financed residential real estate transactions where the buyer is a legal entity or trust. These rules are designed to increase transparency in real estate transactions and help combat money laundering.

The requirements apply nationwide and cover a broad range of residential properties, including vacant land intended for residential development. This page outlines what the rule requires, who it affects, and what information must be reported to help ensure compliance.

What Is the New FinCEN RRE Rule?

Effective December 1, 2025, settlement agents, title companies, closing attorneys, and other designated real estate professionals must report specific details about certain non-financed residential real estate transfers to FinCEN. The purpose of the **Residential Real Estate Rule (RRE)** is to enhance transparency and assist law enforcement in identifying potentially suspicious activity in the real estate market.

Why Is FinCEN Implementing This Rule?

This rule is part of a broader national effort to prevent money laundering and protect the integrity of the U.S. real estate market. By collecting standardized information about certain transactions, FinCEN aims to improve its ability to detect, investigate, and deter illicit financial activity.

Who Should Understand the FinCEN Rule?

The rule impacts multiple parties involved in real estate transactions, including:

- **Title companies, title agents, settlement agents, and closing attorneys**, who are generally responsible for reporting
- **Real estate professionals involved in closings**, who should understand the rule to better guide their clients
- **Buyers using legal entities or trusts**, who may have new disclosure and

compliance obligations

- **Sellers**, when the buyer is subject to the reporting requirement

All parties should expect process changes and additional training to remain compliant and avoid potential penalties.

What Information May Be Collected?

Depending on the transaction, you may be required to provide:

- Information about the purchasing legal entity or trust
- Identification details for beneficial owners
- Details about the property being transferred
- Information regarding the source of funds used to acquire the property
- Information about the reporting party

All information is securely submitted to FinCEN and is used solely for regulatory and enforcement purposes—not for marketing.

What Types of Properties Are Covered?

FinCEN defines residential real property broadly, including:

- One-to-four family residential properties
- Vacant land intended for construction of a one-to-four family residence

- Individual units in residential buildings (such as condominiums or apartments)
- Shares in cooperative housing corporations (co-ops)

What Is a Non-Financed Transfer?

A non-financed (or all-cash) transfer is a real estate transaction that does not involve a loan or line of credit secured by the property, or where financing is provided by a lender not subject to federal anti-money laundering regulations.

This includes:

- All-cash purchases
- Seller-financed transactions
- Private loans
- Transactions involving lenders not regulated under the Bank Secrecy Act (BSA)

In short, if there is no traditional mortgage or the lender is not subject to AML oversight, the transaction is considered non-financed.

How Does the Rule Apply to Trusts?

A transferee trust is any legal arrangement in which a grantor places assets—such as real estate—under the control of a trustee for the benefit of one or more beneficiaries or for a specific purpose. Even if title is held in the name of the trustee rather than the trust itself, the transaction is still subject to reporting under the rule.

Common exceptions include:

- Estate planning trusts where an individual (alone or with a spouse) transfers property to a trust they created, provided no payment is made
- Trusts with a securities reporting issuer acting as trustee

- Statutory trusts (which are treated as transferee entities)
- Subsidiaries of otherwise exempt trusts

What Information Must Be Reported?

For transactions subject to the FinCEN rule, the report must include details such as:

- The reporting party (typically the settlement agent, title company, closing attorney, or title agent)
- The transferee legal entity or trust, including individuals with substantial control and any individuals owning 25% or more
- Each qualifying legal entity or trust receiving an ownership interest (evaluated separately)
- Beneficiaries of any transferee trust
- Individuals signing documents on behalf of the transferee
- The seller (transferor)
- The property being transferred
- Key transaction details, including total consideration paid and certain payment or banking information

If you are involved in a transaction that meets these criteria, be prepared to provide the required information to ensure timely and accurate compliance.



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