

FinCEN's Mandatory Reporting Requirements

What real estate agents need to know for transactions closing on or after March 1, 2026

FinCEN (the Financial Crimes Enforcement Network, a bureau of the U.S. Department of the Treasury) has issued new national mandatory reporting requirements for certain non-financed real estate transactions. These rules are designed to prevent money laundering and the use of U.S. real estate to hide illicit funds.

While real estate agents are not responsible for filing reports, your buyers and sellers will be impacted. It is essential that you prepare your clients early to avoid delays, disputes, or failed closings.

Who is Affected?

A closing is subject to mandatory FinCEN reporting if all three criteria apply:

1. Non-financed purchase Cash or certain private-money loans.
2. Buyer is an entity or trust LLCs, corporations, partnerships, and most trusts.
3. Residential property (1-4 family) Includes single-family homes, condos, townhomes, duplexes, etc.

What Will Be Required?

For affected transactions, the title/settlement company must collect and report:

- Beneficial ownership information (BOI) For the purchasing entity or trust.
- Legal names, addresses, dates of birth, and taxpayer identification numbers For beneficial owners.
- Copies of unexpired government-issued identification
- Details about the purchasing entity Formation documents and control persons.

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What Agents Must Do

While you do not have a reporting obligation, you play a critical role in setting expectations:

1. **Notify clients early.** Let potential buyers and sellers know if their transaction appears to fall under the new rules.
2. **Prepare entity or trust buyers.** Inform them that the settlement company or their third-party vendor will request personal identifying information for all beneficial.
3. **Manage timelines carefully.** Collecting BOI may take time—especially for complex entities or out-of-state owners.
4. **Avoid contract delays.** Encourage clients to respond promptly to requests from the settlement or reporting company to avoid postponements or cancellations.

Questions?

Your escrow officer can confirm whether a specific transaction is subject to FinCEN reporting and provide required forms or checklists.

Please contact your settlement/escrow officer early in the process to ensure a smooth closing.



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