

# FinCen

## Financial Crimes Enforcement Network

### History

FinCen is a bureau of the US Department of Treasury. In 2016 noticed that high end real estate being purchased by shell companies could be an easy way to launder money. Initially a Geographic Target Order (GTO), which was in effect for six months and was limited to specific targeted areas. They could be renewed after the six month period. Initially metropolitan areas and counties within 13 states.

In February 2024 rules were changed and now go into effect for real estate transactions closing on or after March 1<sup>st</sup> 2026, (rules as of latest revision February 13<sup>th</sup> 2026 and subject to change).

The transaction must be reported when all four are met;

- The real property is residential
- The transfer is non financed
- The property is transferred to a certain type of entity or trust
- An exception does not apply

Real property is a one to four unit dwellings, land on which the transferee plans to construct one to four unit dwellings, a unit designed for occupancy by one to four families within a structure on land and shares in a cooperative housing corporation.

If the entity is a trust, LLC, corporation or other entity in a transaction with the above property description and is a non financed transfer a report must be filed. Trustees, beneficial owners, signers (ex corporations) or anyone owning 25% or more of an entity ,must complete the forms.

A non financed transaction is all cash, no minimum threshold or financing extended by a financial institution not subject to anti money laundering and Suspicious Activity Report.

Transactions not subject to reporting;

- Death of an individual, including transfer pursuant to a will or trust
- Divorce or dissolution of a marriage or civil union
- Bankruptcy
- Court order or supervision

-No consideration individual to trust transfer when individual and /or spouse are settlors or grantors

-1031 exchange properties to QI

-transfer, grant of easement

Any transaction that falls under FinCen both buyer and seller must complete the forms.

Concerns:

-Privacy

-Increased compliance burden

-Time pressure

-Impact on real estate business

-Unclear guidance

-Increased cost to consumer

Website [fincen.gov/rre](http://fincen.gov/rre) for more information

## ENTITY EXEMPTIONS

- Securities reporting issuer defined in 31 CFR 1010.380(c)(2)(i)
- Governmental authority defined in 31 CFR 1010.380(c)(2)(ii)
- Bank defined in 31 CFR 1010.380(c)(2)(iii)
- Credit union defined in 31 CFR 1010.380(c)(2)(iv)
- Depository institution holding company defined in 31 CFR 1010.380(c)(2)(v)
- Money service business defined in 31 CFR 1010.380(c)(2)(vi)
- Broker or dealer in securities defined in 31 CFR 1010.380(c)(2)(vii)
- Securities exchange or clearing agency defined in 31 CFR 1010.380(c)(2)(viii)
- Exchange Act registered entity defined in 31 CFR 1010.380(c)(2)(ix)
- Insurance company defined in 31 CFR 1010.380(c)(2)(xii)
- State-licensed insurance producer defined in 31 CFR 1010.380(c)(2)(xiii)
- Commodity Exchange Act registered entity defined in 31 CFR 1010.380(c)(2)(xiv)
- Public utility defined in 31 CFR 1010.380(c)(2)(xvi)
- Financial market utility defined in 31 CFR 1010.380(c)(2)(xvii)
- Investment company as defined 15 U.S.C. 80a-3(a)



# Quick Reference Guide

## Residential Real Estate Reporting



Beginning March 1, 2026, certain real estate professionals involved in real estate closings and settlements nationwide are required to report information to FinCEN about **non-financed transfers of residential real estate**.



**A transfer is reportable when all four conditions are met:**

1. The real property is residential;
2. The transfer is non-financed;
3. The property is transferred to a certain type of entity or trust; and
4. An exception does not apply.



**What is residential real property?**

A property meets the definition of **residential real property** if it is located in the United States *and* the property is:

- Real property containing a structure designed principally for occupancy by one to four families;
- Land on which the transferee intends to build a structure designed principally for occupancy by one to four families;
- A unit designed principally for occupancy by one to four families within a structure on land; or
- Shares in a cooperative housing corporation.



**What is a non-financed transfer?**

A **non-financed transfer** of residential real property is a transfer that does not involve an extension of credit to all transferees (the entity or entities buying or receiving the property) that is both:

- Secured by the transferred property; and
- Extended by a financial institution subject to anti-money laundering (AML) program requirements and Suspicious Activity Report (SAR) obligations.

Transfers that are financed by a lender without an obligation to maintain an AML program and a requirement to file SARs are treated under the rule as non-financed transfers that must be reported if other criteria making a transfer reportable are met.



**What is a transferee entity and a transferee trust?**

A **transferee entity** is defined as any person other than a transferee trust or an individual. For example, a transferee entity may be a corporation, partnership, estate, association, or limited liability company.

Statutory trusts, which are trusts created or authorized under the Uniform Statutory Trust Entity Act or as enacted by a state, are also considered transferee entities, rather than transferee trusts, for the purposes of this reporting requirement. There are 16 kinds of entities that are exempt from the definition of a transferee entity.

A **transferee trust** is any legal arrangement created when a grantor or settlor places assets under the control of a trustee for the benefit of one or more beneficiaries or for a specified purpose, whether formed under the United States or a foreign jurisdiction. A transferee trust also includes legal arrangements that are similar to such legal arrangements in either structure or function. However, certain types of trusts are exempted from the definition of a transferee trust.



**Filing Deadline**

A Real Estate Report must be filed by the later date of:

- The last day of the month following the month that closing occurred; or
- 30 calendar days after the date of closing.

**Have questions?**

- Visit [fincen.gov/rre](https://fincen.gov/rre).
- Subscribe to FinCEN Updates for key announcements
- Contact us at [fincen.gov/contact](https://fincen.gov/contact).