

FINCEN'S RESIDENTIAL REAL ESTATE RULE

Workbook

Beginning March 1, 2026, federal law will mandate that settlement agents gather and report information regarding specific residential real estate transactions. This applies to purchases made with all cash or without lender financing (provided the lender has an anti-money laundering program) when at least one buyer or transferee is a legal entity, such as a corporation, LLC, partnership, or trust.



Purpose

Starting March 1, 2026, Federal law will require settlement agents collect and report information on certain residential real estate transactions where there is a purchase with all cash or without lender financing (where the lender has an anti-money laundering program) and where at least one buyer/transferee is a legal entity (corporation, LLC, partnership, etc.) or trust. The federal agency in charge of the collection process is the Financial Crimes Enforcement Network (FinCEN) and is a part of the United States Treasury Department.

This workbook has been created to assist you with creating your internal processes in order to comply with this new regulation.

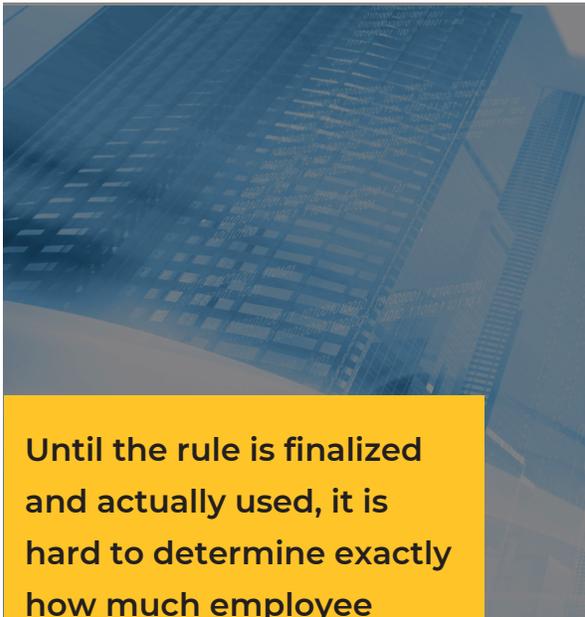
The regulation itself can be found at:

<https://www.federalregister.gov/documents/2024/08/29/2024-19198/anti-money-laundering-regulations-for-residential-real-estate-transfers>

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Preparing for Employment Needs to Implement the FinCEN Residential Real Estate Reporting Rule

Effective March 1, 2026

Until the rule is finalized and actually used, it is hard to determine exactly how much employee time needs to be budgeted for the process.

But you can use FinCEN's estimates to begin the process.

If you can access detailed data for every month, you may consider skipping to Step 3.

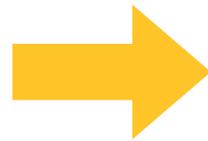
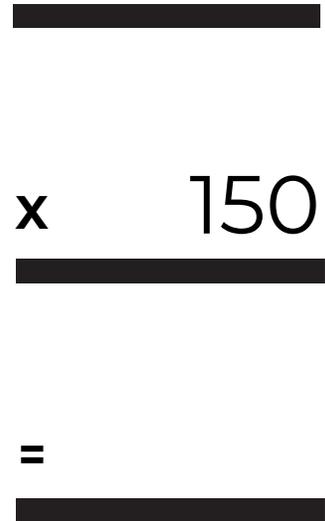
This is a rough estimate of the total time to collect and input data that could be required at your agency to comply with the FinCEN Residential Real Estate Reporting Rule.

➔ Step One

- Determine on average for the year how many transactions have involved a sale of residential real estate to an entity (corporations and LLCs) or trust over the past 3-5 years.

➔ Step Two

- Multiply the average number by 150 minutes per file (120 minutes to collect + 30 minutes to file).



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Step Three - If You Have the Data

- Consider your area’s cyclical residential purchase cycle.
 - Do you anticipate more sales in summer months?
 - Are sales slow right after school starts and during the December/January time periods?
 - If you can calculate your average amount of purchase transactions per month and know how many, on average, will be reportable because the buyer will be an entity or trust, you can estimate per month how much additional employee time you need to budget for compliance.

Enter Monthly Purchase Transactions Here:

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2022												
2023												
2024												
TOTAL:												
Divide by No. of Years of Data (1-3)												
= Average Purchases for Month												
Percentage, on average, to entities and trusts for your title agency:												
= Average Reportable Transactions Per Month												
Multiply by 150 minute	x 150											
= TOTAL minutes per month of EXTRA Employee Time Needed for Reporting												

You can determine this percentage by using the data you collected in Step 1. Transactions where Buyer is Entity or Trust/Total Transaction = % to Entities & Trust for Your Title Agency

This is just an exercise for a rough estimate without considering exemptions.

Design of systems and preparation of your customers will help reduce friction in the flow of information.

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Workflow Questionnaire

QUESTION	ANSWER
Who will design and update your workflow to incorporate the RRER reporting requirement?	
How will you determine what files must be reported?	
When in the workflow should you begin to collect information?	
Knowing the data collected contains NPI, what procedures will you implement to protect the transmission of data? Encryption? A secure portal?	
How will you track what information has been collected?	
How will you determine whether you have all the information required?	
Will you require all of the information to be gathered before closing?	
What will your procedures be if a party refuses to provide the information?	
Will you designate a point person to handle parties who refuse to provide information?	

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QUESTION	ANSWER
How will you document the refusal to provide information?	
Will you still close the transaction if the parties refuse to provide information to you? (Note Criminal and Civil Penalties)	
Will closers input the information, or will you create a new position to handle the inputting of information?	
How will you verify FinCEN received the report? And confirm it was accepted?	
What processes will you create to confirm files that need reporting have the report filed?	
Will you have a point person for storage of the filings, certifications, and designation agreements?	
If the rule requires storage of information for 5 years, do you have a data retainage agreement?	
How will you train on the process? How will you audit?	
How will you document training and auditing?	
Will you provide scripts to your teams to handle the difficult questions?	

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Are your Cybersecurity and Data Privacy Programs ready for the Residential Real Estate Reporting Requirements?



On March 1, 2026, the FinCEN Residential Real Estate Reporting Requirement becomes effective. The rule requires the storage of sensitive information by the reporter, which in most cases will be the settlement agent.



Who will be updating your Best Practices to address these changes?



How will it be determined who has access to the information after it is stored?



Who will review your Record Retention Policy to incorporate these records into your procedures?



Do you need to update title and escrow procedures to show how and where to store the information?



How will information transmitted electronically between employees and the consumer be secured? Encryption? Portals?



How will you train your team on these procedures?



Will storage of information only be on the company's approved equipment and storage device?



How will you audit files to ensure compliance?



If your employee receives information insecurely, what steps should be taken to secure it?

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Transaction *Checklists*

The following pages contain checklists for your knowledge and to provide to consumers to educate them about what types of information will be collected. You will want to still use certification forms for reasonable reliance purposes but these checklists can help inform consumers!

SELLER CHECKLISTS

Individual

Entity

Trust and Trustee

BUYER CHECKLISTS

Entity & Entity Beneficial Owner

Trust & Trust Beneficial Owner

Funds for Acquisition

MISCELLANEOUS

Property Information

Reporting Person

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Federal law requires certain residential real estate transactions purchased with all cash or without institutional lender financing (where the lender has an anti-money laundering program) and where at least one buyer/transferee is a legal entity (corporation, LLC, partnership), trust, or other non-natural person, be reported to the United States Treasury Department's Financial Crimes Enforcement Network (FinCEN). FinCEN requires the following information be provided by Sellers according to these categories:

Individual

- Full Legal Name
- Date of Birth
- Residential Street Address After Settlement (No P.O. Box)
- Unique ID - Tax ID (US) or Foreign ID/Passport and Country of Issuance

Entity

- Full Legal Name of Entity
- Trade Name or "d/b/a"
- Street Address (No P.O. Box)
- Unique ID - Tax ID (US) or Foreign ID and Name of Jurisdiction

Trust

- Full Legal Name of Trust as listed on Trust Document
- Date Trust Instrument Executed
- Unique ID - IRS TIN or Foreign ID and Name of Jurisdiction

Trustee Information

- Full Legal Name
- Residential Street Address for Individuals or Principal Place of Business for Legal Entities
- Unique ID - Tax ID (US) or Foreign ID/Passport and Country of Issuance

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BUYER CHECKLISTS

FinCEN requires Buyers to submit the following information if they are an Entity or a Trust. Both types of Buyers will also submit information concerning the Funds used to Acquire the Property.

Entity Information

- Full Legal Name of Entity
- Trade Name or "d/b/a"
- Street Address (No P.O. Box)
- Unique ID - Tax ID (US) or Foreign ID and Name of Jurisdiction

Beneficial Ownership - Entity

- Individuals with Substantial Control
- Owners above 25% on date of closing
- Signer of closing documents
- Full legal name, d/o/b, Residential Street Address, Citizenship, Tax ID (SSN) or Foreign Tax ID/Passport Number with Country of Issuance

Funds for Acquisition - Entities & Trusts

- Originating Financial Institution
- Account Number
- Payor (Name on Account)
- Method of Payment (wire, check, other)
- Dollar Amount of Payment

OR

Trust Information

- Full Legal Name of Trust as listed on Trust Document
- Date Trust Instrument Executed
- Unique ID - IRS TIN or Foreign ID and Name of Jurisdiction
- Is the Trust Revocable?

Beneficial Ownership - Trust

- Trustees
- Someone other than trustee who may dispose of assets
- Sole beneficiary who can demand or make withdrawal of assets
- Grantor or settlor with right to revoke trust or withdraw assets
- Beneficial owner of legal entity or trust that is trustee of transferee trust
- Beneficial owner of legal entity or trust that is not a trustee and who may dispose of assets
- Beneficial owner of legal entity or trust that is sole principal of income or who can demand or make withdrawals of assets
- Beneficial owner of legal entity or trust who can revoke trust or withdraw assets
- Signer of closing documents
- Full legal name, d/o/b, Residential Street Address, Citizenship, Tax ID (SSN) or Foreign Tax ID or Passport Number with Country

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Property Information

- Street Address
- Legal Description
- Date of Closing

Reporting Person Information

- Full Legal Name
- Category of Reporting Person from Cascade
- Street Address of Reporting Person's Principal Place of Business (No P.O. Box)

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FinCEN's Residential Real Estate Reporting Rule

Get Started Today!

The FinCEN Residential Real Estate Reporting Rule (RRER) is effective March 1, 2026.

Preparation NOW is key to being prepared for implementation! Here are some tips and questions to think about early-on:



Will you designate a person at your title agency to be your internal RRER expert? If so, who?



Who will be in charge of designing and updating a workflow for this requirement?



Will your state regulator allow for fees to be charged for this service?



Do you want to charge a fee for this service? If so, what is the fee?

A Brief Legal History:

1970

- Bank Secrecy Act passed requiring anti-money laundering and countering financing of terrorism programs for financial institutions.

1988

- “Persons involved in real estate closings and settlements” were included in 1988’s Anti-Drug Abuse Act but were excepted from rulemaking until the 2020 Anti-Money Laundering Act.

2024

- FinCEN creates final Residential Real Estate Rule that requires settlement agents to report specific information or be subject to civil and criminal penalties which could include imprisonment.

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REALTORS: It's Time to Talk About FinCEN's Residential Real Estate Reporting Regulation



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2024

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Starting March 1, 2026, settlement agents will be reporting residential real estate transaction information to FinCEN when the Buyer is an entity (corporation, LLC, etc.) or trust to FinCEN and there is no lender involved with an anti-money laundering program.

To comply with the reporting requirements, settlement agents will be asking Sellers and Buyers for information concerning:

- Reporting person information
- Closing date
- Property address and full legal description
- Transferee/Buyer information
- Person(s) associated with the transferee (authorized signers and beneficial owners)
- Transferor/Seller information
- If the Transferor is Trust, the trustee's information
- Purchase price
- Payment Information, including bank account details for sourcing funds
- Detailed payment information for payments made on behalf of the Transferee/Buyer

These categories are **required** by FinCEN – settlement agents do not have a choice. So, let's **work together** to educate our consumer clients who will be required to provide and certify the information above in advance of closing.

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REAL ESTATE ATTORNEYS: It's Time to Prepare TOGETHER for FinCEN's Residential Real Estate Reports



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- “Persons involved in real estate closings and settlements” were included in 1988’s Anti-Drug Abuse Act but were excepted from rulemaking.

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- FinCEN creates final Residential Real Estate Rule that requires settlement agents and attorneys to report specific information or be subject to civil and criminal penalties which could include imprisonment.

Starting March 1, 2026, settlement agents will be reporting residential real estate transaction information to FinCEN when the Buyer is an entity (corporation, LLC, etc.) or trust to FinCEN and there is no lender involved with an anti-money laundering program.

To comply with the reporting requirements, there is a cascade of who must report which could be the settlement agent or an attorney preparing a deed. The information requested includes:

- Reporting person information
- Closing date
- Property address and full legal description
- Transferee/Buyer information
- Person(s) associated with the transferee (authorized signers and beneficial owners)
- Transferor/Seller information
- If the Transferor is Trust, the trustee’s information
- Purchase price
- Payment Information, including bank account details for sourcing funds
- Detailed payment information for payments made on behalf of the Transferee/Buyer

This information is **required** by FinCEN with a limited time for filing post-closing. It’s time to **work together** on processes so compliance with this new rule is as smooth as possible.

See <https://www.govinfo.gov/content/pkg/FR-2024-08-29/pdf/2024-19198.pdf> for the final rule that is subject to potential amendment.

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INVESTORS: Let's Get Ready TOGETHER for FinCEN's Residential Real Estate Reports



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To comply with the reporting requirements, all settlement agents will be asking Sellers and Buyers for information concerning:

- Property address
- Buyer information
- Person(s) associated with the Buyer (authorized signers and beneficial owners)
- Seller information
- Purchase price
- Payment Information, including bank account details for sourcing funds
- Detailed payment information for payments made on behalf of the Buyer

This information is **required** by FinCEN - settlement agents do not have a choice and have limited time to report to FinCEN. It's time to **work together** on processes so compliance with this new rule is as smooth as possible.

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Probate, Estate, and Family Law Attorneys: It's Time to Prepare TOGETHER for FinCEN's Residential Real Estate Reports



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- Detailed payment information for payments made on behalf of the Transferee/Buyer

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Dear _____,

xx/xx/xxxx

Starting March 1, 2026, we will be required to report residential real estate transaction information to the Financial Crimes Enforcement Network on transactions where the Buyer is an entity (corporation, LLC, etc.) or a trust and there is no lender with an anti-money laundering program involved. It will be imperative now that we know well in advance of closing whether the Buyer is a corporation, LLC, other legal entity, or trust.

To comply with the reporting requirements, we will be asking Sellers and Buyers for information concerning beyond what we typically gather including the following:

- Entity/Trust Information
- Person(s) associated with the transferee (authorized signers and beneficial owners)
- Transferor/Seller information
- If the Seller is Trust, provide the trustee's information
- Payment Information, including bank account details for sourcing funds
- Detailed payment information for payments made on behalf of the Transferee/Buyer

This information is required by FinCEN, and we do not have a choice because non-compliance can result in civil and criminal penalties, including incarceration.

We wanted to share this information with you in advance to prepare you and your customers for the information we will be gathering in the future. There will be more information as we approach the March 1, 2026, starting date.

Sincerely,

Attorney

 +123 456 7890

 www.website.com

 123 Anywhere St., Any City

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**Contact your local Chicago Title office
for additional FinCEN support and resources.**

Thank you for being our valued customer.

