

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



## 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.

### 2024

- 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.

NOTE: 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.