



New FinCEN Rule: Mandatory Buyer & Seller Reporting for Residential “Cash” Deals

Information gained now can **prevent surprises later!**

Who’s behind this new rule and why is it in place?

The Financial Crimes Enforcement Network (FinCEN) is part of the U.S. Treasury Department and creates rules, like the Residential Real Estate Rule, to safeguard the financial system from illicit use. The new rule, **which goes into effect Dec. 1, 2025**, is designed to collect financial intelligence to combat money laundering in the residential real estate market.

Who and what does FinCEN’s Residential Real Estate Rule affect?

Starting Dec. 1, 2025, settlement agents will have to report to FinCEN detailed information about the buyer, the seller, the property, and all payments made by the buyer, *in all residential real property transactions, regardless of dollar amount, where the buyer is a “transferee entity” (e.g., LLC, corporation, partnership) or “transferee trust” (e.g., revocable trust, land trust) and is paying cash or is getting a private or non-institutional mortgage loan.*

How is “residential real property” defined in the new rule?

The rule primarily focuses on properties designed for 1-4 families, including single-family homes, townhomes, condos, co-ops, and mixed-use properties where a residential component exists. The rule also covers vacant land intended for residential construction for 1-4 families.

How is this different than the Geographic Targeting Orders (GTOs)?

The Residential Real Estate Rule will replace the GTOs and differ in many ways, including:

- The rule is not limited to certain counties and affects all of the United States.
- There is no dollar threshold - the new rule applies to the sale of all residential real estate regardless of the selling price.
- The rule requires reporting on the seller.
- The rule extends to vacant land intended for residential construction for 1-4 families.
- The rule applies to most trusts.

Are there any exemptions or exceptions to the new rule?

There are, but not for the typical residential transaction involving real estate agents.

Are there penalties for ignoring this rule or providing false information?

Yes, and they are severe. For unintentional violations, a civil penalty of \$1,394 per violation. For a pattern of negligent activity, additional penalties up to \$108,489. For willful violations, 5 years in prison and criminal fines of \$250,000.



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***** BE PREPARED TO NOTIFY THESE *BUYERS & SELLERS* ***
THEY WILL BE ASKED FOR THIS INFORMATION!**

What information will the **TRANSFEREE/BUYER** need to share with the settlement agent?

Entity transferees will need to disclose to the settlement agent *at or prior to closing*:

- Full legal name, incl. trade name and DBA of the entity, and street address (not a P.O. Box)
- Unique ID (TIN, foreign entity registration # for foreign entity)
- “Beneficial Owner” information. This means:
 - Each individual who exercises control over the entity (e.g., CEO, CFO, President, Managing Member, Manager, General Partner)
 - Each individual owning 25% or more of the equity interests of the entity
 - Each individual who will be signing documents for the entity

The settlement agent must be timely provided everyone’s legal name, residence address, country of citizenship, date of birth, social security number or foreign tax ID /foreign passport number.

Trust transferees will need to disclose to the settlement agent *at or prior to closing*:

- Full legal name of the Trust and date Trust instrument was signed
- Unique ID (IRS TIN)
- Whether Trust is revocable
- “Beneficial Owner” information. This is defined to include, but is not limited to:
 - An individual who is trustee of the transferee trust
 - A grantor or settlor who has the right to revoke the transferee trust
 - Certain beneficiaries of the transferee trust
 - An individual who will be signing for the transferee trust

Each transferee’s legal name, address, country of citizenship and date of birth (if individual), Social Security number or foreign tax ID number or foreign passport number, and the reason for reporting the person must be provided to the settlement agent in a timely manner.

What information will the **SELLER** need to share with the settlement agent?

Sellers subject to the new rule will need to disclose to the settlement agent at or prior to closing:

- Full legal name and physical mailing address (not a P.O. Box)
- Phone number and email address
- DOB (if individual)
- Unique number (SS# or TIN)
- If seller is a trust, information on the transferor trust, including name of trustee

Each transferee’s legal name, residence address, country of citizenship, date of birth, Social Security number or foreign tax ID / foreign passport number must be provided to the settlement agent in a timely manner.