

UNDERSTANDING FINCEN REQUIREMENTS

What is FinCEN?

The Financial Crimes Enforcement Network (FinCEN) is a bureau of the U.S. Department of the Treasury. FinCEN's mission is to safeguard the financial system from illicit activity, counter money laundering and the financing of terrorism, and promote national security through strategic use of financial authorities and the collection, analysis, and dissemination of financial intelligence. Starting March 1, 2026, Settlement Agencies must submit reports to FinCEN regarding certain non-financed transfers of residential real estate to legal entities or trusts.

When Does FinCEN Apply?

FinCEN reporting requirements apply under specific conditions during certain real estate transactions. These include:

- Type of Property is residential:
 - » 1–4 family residential structures
 - » Vacant land where the buyer intends to build a 1–4 family residential structure
 - » Units designed for 1–4 families
 - » Shares in a cooperative housing operation
- Type of Transfer is non-financed, meaning it is not funded through a traditional financial institution:
 - » Cash purchases
 - » Financing through a hard money lender
 - » Seller financing
 - » Funding from a lender that does not maintain an Anti-Money Laundering (AML) program
- Buyer to be an entity or trust, rather than an individual.

***Some exemptions may apply.

What Information Will Be Reported?

When a transaction falls under the FinCEN reporting requirements, the following information must be disclosed:

- Name of Buyer Entity or Trust
- Entity or Trust Beneficial Owners
- Seller Information
- Property Information
- Information on Funds Used for Closing

Who is Responsible for Reporting?

The settlement agency handling the closing is responsible for filing the required FinCEN report. This report is submitted directly to the US Treasury..

When Must the Transaction Be Reported?

A report must be filed by the later date of either the final day of the month following the month in which the reportable transfer occurred or 30 calendar days after the date of closing.

For more information or if you have any questions regarding FinCEN requirements, please contact your closer directly.