

# FinCEN's Residential Real Estate Rule Delayed to March 1, 2026: What Real Estate Professionals Need to Know

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The Financial Crimes Enforcement Network (FinCEN) has postponed implementation of its Residential Real Estate Rule (the "Rule") from December 1, 2025, to March 1, 2026. The extension offers breathing room for real estate professionals, particularly those involved in all-cash or non-financed transfers of residential real estate, to understand and prepare for the Rule's new reporting requirements.

## Preparing for Compliance

Although the Rule's start date has been delayed, real estate professionals should begin preparing now. This includes identifying which transactions in your workflow may trigger reporting, training staff on how to identify beneficial owners and collect required information, updating closing procedures and forms to incorporate FinCEN reporting, and coordinating with title professionals and attorneys to determine who will act as the Reporting Person. Failure to comply with FinCEN's reporting obligations can expose professionals and firms to civil and criminal penalties.

## Why the Rule Matters

The Residential Real Estate Rule is designed to increase transparency by requiring reports on certain non-financed transfers, specifically whenever residential property is transferred to a legal entity (such as a corporation or LLC) or a trust without mortgage financing. The purpose is to prevent money laundering and other illicit activity by identifying the "beneficial owners" behind otherwise anonymous purchasers.

## What Transactions Are Covered?

The Rule applies to transfers involving residential real property, broadly defined to include single-family homes, townhouses, condominiums, and cooperatives; apartment buildings or individual apartment units; and mixed-use properties (for example, a building with retail on the ground floor and apartments above). A property falls within the Rule if it meets any of the following criteria: it includes a structure designed primarily for occupancy by one to four families; it is land on which such a structure is intended to be built; it is a unit designed for occupancy by one to four families within a larger structure; or it is a share in a cooperative housing corporation.

## What Must Be Reported?

The required Real Estate Report must be submitted by a Reporting Person (see below) and include the property being transferred, the transferor (seller) and transferee (buyer entity or trust), the beneficial owners of the transferee entity or trust, the representative(s) acting for the transferee, and the purchase price and payment details. Reports must be filed electronically with FinCEN by the last day of the month following the month of closing, or within 30 days of closing, whichever is later.

## Who Must File the Report?

FinCEN's hierarchy determines which professional involved in the transaction is the "Reporting Person." The order is as follows:

- The closing or settlement agent listed on the closing statement
- The preparer of the closing or settlement statement
- The person recording the deed or transfer instrument
- The title underwriter issuing the owner's insurance policy
- The person disbursing the largest amount of funds from an escrow or trust account
- The title evaluator
- The person preparing the deed or transfer instrument (i.e., stock certificate)

In practice, this means title companies, settlement agents, or attorneys will often bear primary reporting responsibility. It is of note that if the first person in the hierarchy is not involved in the transaction, the responsibility to report falls to the second person described, if any, and so on.

However, the Reporting Person can enter into a Designation Agreement assigning reporting duties to another party in the hierarchy. Even when another party is designated to file, the original Reporting Person must retain certain records such as the transferee's Certification of Beneficial Ownership and any Designation Agreement for five years after closing.

## Exemptions and Exceptions

Certain transactions are exempt from reporting, including transfers with no Reporting Person in the hierarchy; transfers of easements; transfers due to death, divorce, or bankruptcy; certain trust-related transfers, such as those made without consideration by individuals to their own revocable trusts; court-supervised transfers; and 1031 exchanges involving a qualified intermediary.

## Contact Our Real Estate Team

Understanding and implementing FinCEN's Residential Real Estate Rule will require careful coordination among agents, title professionals, and attorneys. Our real estate team assists clients in evaluating which transactions may trigger reporting, developing compliant procedures, and training staff to meet regulatory obligations. To discuss how these changes may affect your business or to receive guidance on preparing for the March 2026 deadline, contact our [Real Estate Practice Group](#) at 973-627-7300.