






**FinCen Real Estate Reporting Rule Is HERE**

Presented by Kelly G. Richardson, Esq.

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## WHO MUST REPORT? – the “cascade”

1. Closing/Settlement Agent
2. Settlement Statement Preparer
3. Deed Filer
4. Title Insurance Underwriter
5. Largest Fund Disburser
6. Title Evaluator
7. Deed or Legal Instrument Preparer

**But- parties can also agree to allocate reporting responsibility: “Designation Agreement”**

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## How it began -

**2016–2025: Geographic Targeting Orders (GTOs)**  
 January 2016, FinCEN starts using GTOs to temporarily require title insurance companies to report on all-cash luxury real estate purchases by legal entities in “high-risk areas”  
 Ultimately expanded to cover more locations (14 states) and lower price thresholds before being replaced by the nationwide rule.

**2021–2024: Rule Development**  
 FinCen begins developing rule to catch non-financed, anonymous transactions used to launder illicit funds.

**Aug. 2024:** final rule published.

**2025–2026: Implementation**  
 Originally scheduled for late '25, enforcement postponed to **Mar. 1, 2026.**

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### Information Required for Reporting

Buyer-Transferee Entity	Buyer-Beneficial Owner of Transferee Entity	Buyer-Trust	Seller
1. Full Name of Entity 2. Trade Name or DBA 3. Current Address 4. Unique Identifying Number (usually the TIN) 5. Signing Individuals and their Capacity 6. Beneficial Owners • Individuals with substantial control – typically officers • Individuals with 25% ownership, directly or indirectly	1. Full Legal Name 2. Date of Birth 3. Residential Street Address, if one 4. Citizenship 5. Unique Identifying Number	1. Full Legal Name of Trust 2. Date Trust was Created 3. Complete Current Address, if one 4. Unique Identifying Number, if one 5. Beneficial Owners of Trust • Anyone with authority, control or otherwise can direct handling and distribution of trust assets • Includes person signing documents on behalf of the trust • Information required is the same as for the BCI of an entity	1. Full Legal Name 2. Date of Birth 3. Residence (Street Address) 4. Citizenship 5. Unique Identifying Number 6. If Transferor is Trust, similar information required on Trustee  No BCI information is needed from the Transferor.

Courtesy of First American Title


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## Which transactions?

- **Non-Financed Transfer:** No traditional lender involved (e.g., all cash or private financing).
- **Buyer Type:** Entity or trust.
- **Property Type:** Residential real property (1–4 family dwelling, vacant land intended for such use, or cooperative units).
- **Not Excluded or Exempt:** Review for exclusions (inheritance, divorce, 1031 exchange, etc.) exempt entities (banks, government agencies, insurance companies, etc.) or exempt trusts (managed by securities-reporting issuers, statutory trusts, and subsidiaries of exempt trusts)

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• CAR FRR PA form



The following terms and conditions are hereby incorporated in and made a part of the Purchase Agreement (“Agreement”), dated \_\_\_\_\_ on property known as \_\_\_\_\_, 123 Example Street, \_\_\_\_\_, is referred to as “(Property)” and \_\_\_\_\_ is referred to as “(Buyer)”.

This addendum to be used with (A) Residential Purchase Agreement (CAR, Form RPRA) (B) New Construction Purchase Agreement (CAR, Form NCPA) (C) Vacant Land Purchase Agreement, if the Property will be improved with a residential dwelling with one to four units (CAR, Form VLPD) (D) Residential Income Purchase Agreement (CAR, Form RIPA) (E) Vacant Land Income Purchase Agreement (CAR, Form VLPI) where the most-used property contains one to four residential units.

**1. FEDERAL REPORTING OBLIGATION:** Pursuant to rules issued by the Financial Crimes Enforcement Network (FinCEN) of the U.S. Department of the Treasury (“Treasury”), beginning December 1, 2025, a “Reporting Person” (hereinafter the “Buyer and Seller”) in the state of Colorado is required to report to the Treasury Department certain information about the Buyer and Seller in the state of Colorado for the purpose of preventing money laundering. Reporting obligations will take effect December 1, 2025. The Reporting Person(s) must report information to FinCEN. The Reporting Person(s) may be required to file this information with FinCEN in a separate transaction to which an offer was accepted prior to March 1, 2025. (If there is a possibility the transaction will close on or after the March 1, 2025, implementation date must be followed by close escrow prior to that date.)

**2. CONDITIONS FOR WHICH THE REPORTING OBLIGATION APPLY:** The addendum and reporting obligation apply if (A) the property being purchased is real property, (B) the Buyer, transferee or transferee trust, (C) the Seller, transferor or transferor trust, (D) the Buyer is a legal entity or trust, and (E) the Buyer is making an “all-cash” purchase or financing the purchase through a bank or other institution that does not have an independent money laundering program.

**3. REQUIRED REPORTING INFORMATION:** The following is a non-exhaustive list of the “information” from which the Reporting Person(s) is required to collect information to meet the reporting obligation to be collected:

A. Buyer, Seller, Buyer, Beneficial Owner or Entity Buyer, Signatory of Entity, Bank, Trust, Buyer, Entity  
 B. Titles of Trust Officers, and individual trustees and beneficial owners of Trust Officers.  
 C. Information to be collected: Legal names, dates of birth, dates of acquisition of trusts, addresses, (also, identifying the business or beneficial owners of trust beneficiaries) taxpayer identification systems (TIN), and, if applicable, account numbers and financial institution name (with routing number).

**4. DELIVERY OF REQUIRED INFORMATION:**  
 A. Buyer and Seller shall, within 7 Days after receiving a request for FinCEN information from the Reporting Person for the transaction, deliver to the Reporting Person all necessary information to satisfy the reporting requirements.  
 B. Buyer and Seller shall, within 7 Days after receiving a request for necessary information from any entity, beneficial owner, trustee or appropriate third party, deliver to that party the requested information in the format requested by that party.  
 C. If the Reporting Person requires information from a relevant third party such as an entity, beneficial owner, signing party, or trustee, and the Reporting Person notifies a Buyer or Seller that the third party has failed to provide such information, the Reporting Person may proceed with the transaction without the information from that party.

By signing below, Buyer and Seller acknowledge that each has read, understood, has received a copy of, and agrees to the terms of this Federal Reporting Requirement Purchase Addendum.

Buyer: \_\_\_\_\_ Y Date: \_\_\_\_\_  
 Seller: \_\_\_\_\_ Y Date: \_\_\_\_\_

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## Am I a “Reporting Person”??? – FinCen FAQ

### I.12. I am a real estate agent. Am I a reporting person?

It depends. A real estate agent working in the capacity of a real estate agent is not represented in the reporting cascade, and therefore, is not a reporting person.

In some circumstances, real estate agents may participate in a reportable transfer as the settlement agent or by performing one of the other functions described in the reporting cascade (see Question I.2). In those situations, the real estate agent may be a reporting person.

[Issued February 13, 2026]

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## Further information-

FinCen.gov – Real Estate Reporting Rule is a link on home page

CARlegal -

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## Due date of Report- per FinCen

### H.2. What is the due date for a Real Estate Report?

A Real Estate Report must be filed by the last day of the month following the month in which the date of closing occurred or 30 calendar days after the date of closing, whichever is later. Reporting persons will therefore generally have about 30 to 60 days to file the report.

[Issued August 28, 2024]

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## Penalties for noncompliance (per FinCen):

### L.1. What penalties may a reporting person face for violating Residential Real Estate Rule requirements?

Negligent violations of the rule could result in a civil penalty of, as of 2025, not more than \$1,430 for each violation, and an additional civil money penalty of up to \$111,308 for a pattern of negligent activity.

Willful violations could result in a civil penalty of not more than the greater of the amount involved in the transaction (not to exceed \$286,184) or \$71,545. This civil penalty structure generally applies to any willful violation of a Bank Secrecy Act requirement. For more information on civil penalties, see 31 U.S.C. 5321 and 31 CFR 1010.821.

Criminal penalties for willful violations of the rule could result in a term of imprisonment of not more than five years or a criminal fine of not more than \$250,000, or both. For more information on criminal penalties, see 31 U.S.C. 5322.

[Issued February 13, 2026]

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