

Real Estate Reports

Frequently Asked Questions

These Frequently Asked Questions are explanatory only and do not supplement or modify any obligations imposed by statute or regulation. Please refer to the [final rule](#) for further details. FinCEN expects to publish further guidance in the future. Questions on any of this content should be directed to <https://www.fincen.gov/contact>.

A. General Questions

A.1. What is the Real Estate Report?

The Real Estate Report will be a new form that certain real estate professionals involved in certain real estate closings and settlements must file with FinCEN for certain transfers of residential real estate that are a high-risk for illicit finance. See Section B for more on the kinds of transfers that must be reported and Section C for more on who must file a report.

FinCEN will provide an opportunity for the public to comment on the form of the report mandated by the rule.

The information reported will help combat and deter money laundering by increasing transparency in the U.S. residential real estate sector. Although there are many legitimate reasons to use legal entities and trusts to own residential real property, illicit actors intent on laundering funds through residential real property often use entities and trusts to disguise their identities and make the proceeds of crime more difficult to identify. Illicit actors often favor non-financed transfers (including “all-cash” sales) of residential real estate to avoid scrutiny from financial institutions that have anti-money laundering and countering the financing of terrorism (AML/CFT) program and Suspicious Activity Report (SAR) filing requirements under the Bank Secrecy Act (BSA).

Real Estate Reports will be maintained by FinCEN in a secure database along with other BSA reports and will not be accessible by the general public. FinCEN imposes strict limits on the use and re-dissemination of BSA information by law enforcement and other authorized users of the system.

A.2. When will the requirements under the final rule take effect?

The final rule will be effective on December 1, 2025.

B. Reportable Transfers

B.1. Under what circumstances must a Real Estate Report be filed?

A Real Estate Report must be filed on any reportable transfer, which is defined in the final rule as a non-financed transfer to a transferee entity or transferee trust of an ownership interest in residential real property.

B.2. What is residential real property?

Residential real property includes single-family houses, townhouses, condominiums, and cooperatives, including condominiums and cooperatives in large buildings containing many such units, as well as entire buildings designed for occupancy by one to four families. These properties are reportable even if there is also a commercial element—a single-family residence that is located above a commercial enterprise, for example. Certain types of land on which a residence is not yet built are also included.

More specifically, property may fall within the parameters of the rule in one of four ways:

1. It is real property located in the United States that includes a structure designed principally for occupancy by one to four families;
2. It is land in the United States on which the transferee intends to build a structure designed principally for occupancy by one to four families;
3. It is a unit designed principally for occupancy by one to four families within a structure on land located in the United States; and/or
4. It is a share in a cooperative housing corporation for which the underlying property is located on land within the United States.

B.3. What is a transfer of residential real property?

A transfer of residential real property is any transfer of an ownership interest in residential real property that is demonstrated through a deed or, for an interest in a cooperative housing corporation, through stock, shares, membership, a certificate, or other contractual agreement evidencing ownership.

This definition includes purchases of residential real property for any amount, as well as transfers of ownership for which no consideration is exchanged, such as a gift.

B.4. What is a non-financed transfer?

A non-financed transfer is a transfer that does not involve an extension of credit to all transferees that is both (1) secured by the transferred property and (2) extended by a financial institution subject to AML program requirements and Suspicious Activity Report (SAR) reporting obligations. Under this final rule, a reportable transfer is a non-financed transfer to a transferee entity or transferee trust of an ownership interest in residential real property. Transfers that are financed by a lender without an obligation to maintain an AML/CFT program and a requirement to file SARs are treated under the final rule as non-financed transfers that potentially must be reported.

If reporting persons are unsure as to whether the lending institution involved in a transfer has both an obligation to maintain an AML program and to file SARs, they should reach out to that lending institution. When determining whether a transfer is non-financed and making any other determination necessary to comply with the final rule, the reporting person generally may rely on information provided by any other person if the reporting person does not have knowledge of facts that would reasonably call into question the reliability of the information.

B.5. What types of transfers are not considered reportable?

The following transfers are not reportable:

1. A transfer that is a grant, transfer, or revocation of an easement.
2. A transfer resulting from the death of an individual, whether pursuant to the terms of a will, the terms of a trust, the operation of law (such as transfers resulting from intestate succession, surviving joint owners, and transfer-on-death deeds), or by contractual provision (such as transfers resulting from beneficiary designations).
3. A transfer incident to divorce or dissolution of a marriage or civil union (such as transfers required by a divorce settlement agreement).
4. A transfer made to a bankruptcy estate.
5. A transfer supervised by a court in the United States.
6. A transfer for no consideration made by an individual, either alone or with their spouse, to a trust of which that individual, that individual's spouse, or both, are the settlors or grantors.
7. A transfer to a qualified intermediary for the purposes of a like-kind exchange for purposes of Section 1031 of the Internal Revenue Code.
8. A transfer for which there is no reporting person.

Note that this is not a comprehensive list of all transfers that are not reportable, and reporting persons should evaluate the specific facts of each individual transfer to determine whether it constitutes a reportable transfer under the rule.

B.6. What is a transferee entity?

A transferee entity is defined as any person other than a transferee trust or an individual. For example, a transferee entity may be a corporation, partnership, estate, association, or limited liability company. However, certain regulated entities are exempt.

The following table summarizes the 16 exemptions:

Exemption No.	Exemption Short Title
1	Securities reporting issuer
2	Governmental authority
3	Bank
4	Credit union
5	Depository institution holding company
6	Money services business

7	Broker or dealer in securities
8	Securities exchange or clearing agency
9	Other Exchange Act registered entity
10	Insurance company
11	State-licensed insurance producer
12	Commodity Exchange Act registered entity
13	Public utility
14	Financial market utility
15	A registered investment company
16	Subsidiary of an exempted entity

B.7. What is a transferee trust?

A transferee trust is any legal arrangement created when a grantor or settlor places assets under the control of a trustee for the benefit of one or more beneficiaries or for a specified purpose and includes most trusts and similar foreign legal arrangements. A trust is a transferee trust regardless of whether the residential real property is titled in the name of the trust itself or in the name of the trustee. However, certain types of trusts are exempted.

The following table summarizes the four exemptions:

Exemption No.	Exemption Short Title
1	Securities reporting issuer
2	Trustee that is a securities reporting issuer
3	Statutory trust (such a trust is treated as a transferee entity, not a transferee trust)
4	Subsidiary of an exempted trust

B.8. May a reportable transfer have more than one transferee entity or transferee trust?

Yes.

B.9. What if there are multiple transferees, some of which are exempt?

As long as at least one of the transferees in a given transfer is a transferee entity or transferee trust, the transfer is reportable. However, the Real Estate Report only requires identifying information for the reportable transferees.

C. Reporting Persons

C.1. Who is required to file Real Estate Reports?

The requirement to file a Real Estate Report rests with the “reporting person,” one of a small number of persons who play specified roles in the reportable transfer. Only one business would be deemed to be the reporting person, and would be required to file a report.

The reporting person can be identified in one of two ways:

1. By way of the reporting cascading described in the rule (see Question C.2), or
2. By way of a written designation agreement between the real estate businesses described in the cascading reporting order (see Question C.3).

C.2. What is the reporting cascade?

The reporting cascade consists of a list of seven different functions that a real estate professional may perform in a reportable transfer of residential real property. Unless a designation agreement is used, the reporting cascade will be used to determine the reporting person for the transfer. If a person is performing the first function described in the cascade, then that person would be the reporting person. If no person performing the first function described in the cascade is involved in the transfer, then the reporting person would be the person that performs the second described function, if any, and so on down the cascade.

The reporting cascade is as follows:

1. The person listed as the closing or settlement agent on the closing or settlement statement;
2. If no person described above is involved, the person that prepares the closing or settlement statement;
3. If no person described above is involved, the person that files with the recordation office the deed or other instrument that transfers ownership of the residential real property;
4. If no person described above is involved, the person that underwrites an owner’s title insurance policy for the transferee with respect to the transferred residential real property, such as a title insurance company;
5. If no person described above is involved, the person that disburses in any form, including from an escrow account, trust account, or lawyers’ trust account, the greatest amount of funds in connection with the residential real property transfer;
6. If no person described above is involved, the person that provides an evaluation of the status of the title; or
7. If no person described above is involved, the person that prepares the deed or, if no deed is involved, any other legal instrument that transfers ownership of the residential real property, including, with respect to shares in a cooperative housing corporation, the person who prepares the stock certificate.

If none of the above functions are performed for a given reportable transfer of residential real property, then a report is not required to be filed. FinCEN notes that the real estate industry

already uses a similar reporting cascade to comply with requirements associated with IRS Form 1099-S.¹

C.3. What is a designation agreement?

Rather than relying on the reporting cascade to identify the reporting person, a person that performs a function described in the reporting cascade may choose to enter into a written agreement that designates another person that performs a function described in the reporting cascade as the reporting person. This designation agreement option is designed to reduce the overall burden on reporting persons.

For example, if the first participating person listed in the cascade is a person who filed the deed with a recordation office for a given transfer, as described in the third tier of the cascade, that person may enter into a written designation agreement with a title insurance company underwriting the transfer, as described in the fourth tier of the cascade, through which the two parties agree that the title insurance company will be the designated reporting person with respect to that transfer. The person that would otherwise be the reporting person must be a party to the agreement. However, other persons involved in the transfer that fall into the reporting cascade do not need to be parties to the agreement.

There is no required format for a designation agreement, but it must be in writing and identify the date of the agreement, the name and address of the transferor, the name and address of the transferee entity or transferee trust, the property, the name and address of the designated reporting person, and the name and address of all parties to the designation agreement.

A separate designation agreement is required for each reportable transfer. However, potential reporting persons are not prohibited from having an understanding with others, in writing or otherwise, as to how they generally intend to comply with the Real Estate Report's filing requirements, provided that they continue to effect and retain a copy of a unique designation agreement for each separate transfer for which they choose to employ one.

All parties to a designation agreement are required to retain a copy of the agreement for a period of five years. The reporting person is not required to file the designation agreement as part of the Real Estate Report.

C.4. Do potential reporting persons need to implement an AML/CFT compliance program?

The rule does not impose an AML/CFT program obligation on persons involved in real estate closings and settlements, including persons that perform the functions described in the cascade. Potential reporting persons continue to be exempt from the requirement to establish an AML program, in accordance with 31 CFR 1010.205(b)(1)(v).

D. Required Information

¹ See 29 CFR 1.6045-4 (Information reporting on real estate transactions with dates of closing on or after January 1, 1991).

D.1. What type of information is reported via a Real Estate Report?

On the Real Estate Report, the reporting person must submit information necessary to identify themselves; the residential real property being transferred; the transferor; the transferee entity or transferee trust; the individuals representing the transferee entity or transferee trust in the transfer; and the beneficial owners of the transferee entity or transferee trust. For example, the reporting person must collect the following identifying information for any beneficial owner of a transferee entity or a transferee trust: name, date of birth, residential address, citizenship, and taxpayer identification number.

The reporting person must also report the total consideration paid for the property, along with certain information about any payments made by the transferee entity or transferee trust.

D.2. How should the reporting person gather the required information?

The reporting person may rely on information provided by any other person for purposes of reporting information or to make a determination necessary to comply with the final rule, but only if the reporting person does not have knowledge of facts that would reasonably call into question the reliability of the information.

This reasonable reliance standard is slightly more limited when a reporting person is reporting beneficial ownership information of transferee entities or transferee trusts. In those situations, the reasonable reliance standard applies only to information provided by the transferee or the transferee's representative and only if the person providing the information certifies the accuracy of the information in writing to the best of their knowledge, as described in Question D.5.

D.3. Who are the beneficial owners of a transferee entity?

A beneficial owner of a transferee entity is an individual who, on the date of closing, either directly or indirectly:

1. Exercises substantial control over the transferee entity, or
2. Owns or controls at least 25% of the transferee entity's ownership interests.

This definition is derivative of the definition of this term in the FinCEN's Beneficial Ownership Information (BOI) Reporting Rule. For information about this separate reporting requirement, see www.fincen.gov/boi. Although the definitions are similar, they may apply to individuals associated with different entity types—a given transferee entity under this rule is not necessarily a reporting company for purposes of the BOI Reporting Rule.

D.4. Who are the beneficial owners of a transferee trust?

The beneficial owners of a transferee trust are any individual who, at the time of the transfer of residential real property to the trust:

1. Is a trustee;
2. Otherwise has authority to dispose of transferee trust assets, such as may be the case with a trust protector;

3. Is a beneficiary who is the sole permissible recipient of income and principal from the transferee trust or who has the right to demand a distribution of, or to withdraw, substantially all of the assets of the transferee trust;
4. A grantor or settlor who has the right to revoke the transferee trust or otherwise withdraw the assets of the transferee trust; or
5. Is the beneficial owner of a legal entity or trust that holds one of the positions described in the above four categories, taking into account the exemptions that apply to transferee entities and transferee trusts.

D.5. How should a reporting person collect information about beneficial owners?

The reporting person may collect beneficial ownership information directly from a transferee or a representative of the transferee, so long as the person the information is collected from certifies that the information they have provided is correct to the best of their knowledge. The certification may be collected using a form of the reporting person's choosing or design and may be incorporated into existing closing documents used by the reporting person.

E. Reporting and Recordkeeping Requirements

E.1. 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.

E.2. What records must a reporting person keep?

The reporting person must maintain a copy of the certification by the transferee or transferee's representative as to the identities of the beneficial owner of the transferee, as well as any designation agreement entered into, for a period of five years. The reporting person is not required to retain a copy of the Real Estate Report.

E.3. Are there record retention requirements for other real estate businesses involved in a reportable transfer?

Any parties to a designation agreement must retain a copy of the designation agreement for a period of five years.