



New FinCEN Requirement

Effective December 1, 2025

New Federal Rule: Beginning December 1, 2025, under FinCEN's new Anti-Money Laundering Real Estate Transfers reporting rule, "Reporting Persons" must report details about individuals related to legal entities or trusts involved in all-cash or non-conventional financed residential real estate transactions. Civil and criminal penalties apply for noncompliance.

Three-Part Test for Reportable Transactions

1. Residential Property

If the property is 1-4 family residential, condos, co-ops, mixed-use, or vacant land for residential development.

2. Cash or Non-Conventional Financing

If the transaction is all-cash or financed through a non-bank private lender - i.e., not financed through a financial institution subject to Anti-Money Laundering (AML) or Suspicious Activity Report (SAR) requirements.

3. Entity or Trust Buyers

If at least one buyer is a non-individual, such as an LLC, corporation, partnership, trust, or other non-person legal entity.

The Reporting Process

Who Must Report

FinCEN will use a hierarchical system to determine who must file the report. The first level of reporter in that system is the closing/settlement agent.

What Must be Reported

As of August, 2025, we are still awaiting publication of the final report/form by FinCEN. However, the published draft form was made up of 111 fields to be completed by the reporting entity. Here is a summary of the types of information required in the latest draft form:

Property Information (15 fields)	Reporting Person (8 fields)	Transferor/Seller (12 fields)
<ul style="list-style-type: none">• Street address and legal description• Property type and characteristics• Closing date and recording information• Mixed-use property details	<ul style="list-style-type: none">• Full legal name and address• Business type and license info• Contact information• Cascade level identification	<ul style="list-style-type: none">• Individual: Name, DOB, address, TIN• Entity: Legal name, address, TIN• Contact information• Relationship to property
Transferee Entity/Trust (25 fields)	Beneficial Owners (35 fields)	Financial Information (16 fields)
<ul style="list-style-type: none">• Legal name and formation details• Business address and TIN• Entity type and jurisdiction• Trust creation date and type	<ul style="list-style-type: none">• Each person: Name, DOB, address• TIN/SSN and citizenship• Ownership percentage• Control relationship	<ul style="list-style-type: none">• Total consideration amount• Payment methods and sources• Bank account information• Wire transfer details

* The reporting entity must retain report records for 5 years.

Why This Matters for Real Estate Agents

We will need your help to set expectations and prepare your clients. Due to the potential penalties for noncompliance, a transaction where this rule is triggered will not be able to close until all required information is collected. As an agent, it is important to prepare your clients, ensuring that (if this rule is implicated) they have the necessary information available and are prepared to comply with information requests from us as the mandated reporting entity.

Have Questions?

If you have questions about this new requirement, or if you would like us to come visit with your team about this federal rule, just let us know!



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