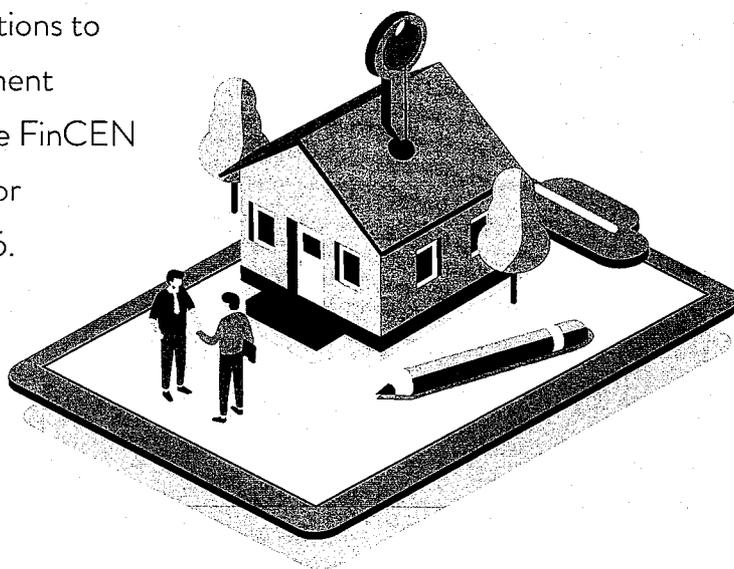


# Important Information About Your Real Estate Closing

## **FEDERAL FinCEN REPORTING REQUIREMENT**

Federal regulations issued by the U.S. Department of Treasury required certain residential real estate transactions to be reported to the Financial Crimes Enforcement Network (FinCEN). This ruling is known as the FinCEN Residential Real Estate Rule and is effective for transactions closing on or after March 1, 2026.

***As the Title Company we are responsible for the collection of this information if the transaction qualifies for reporting.***



### **Why Am I Being Asked for This Information?**

The U.S. government requires certain residential real estate transactions to be reported to the Financial Crimes Enforcement Network (FinCEN).

#### ***This rule is designed to:***

- Prevent money laundering
- Protect the housing market
- Identify the real individuals behind entities and trusts

### **When Does This Apply?**

#### ***A report may be required if:***

- The property is residential real estate, and
- The buyer is an LLC, corporation, partnership, or trust, and
- The purchase does not involve a traditional mortgage from a bank or similar lender

## What Information Is Required?

Depending on the transaction, buyers and sellers may be asked to provide:

- Legal names and addresses
- Dates of birth
- Identification numbers (such as SSN or passport)
- Information about who controls or owns an entity or trust
- Source of funds used for the purchase

*All information must be certified as accurate.*

## Who Files the Report?

***You do not file the report yourself.***

A professional involved in your closing—usually the title or settlement company—is legally responsible for submitting the report to FinCEN.

## Is my Information Secure?

**Yes.**

Information is:

- Collected only when required by federal law
- Submitted through a secure government system
- Stored and retained according to strict legal requirements

## What Happens If the Information

### Is Not Provided?

***Because this is a federal requirement:***

- The title company will be unable to complete the closing
- Closing delays and/or cancellation may occur

*Providing the requested information promptly helps ensure a smooth closing.*

*Questions?*



If you have questions about why this information is required or how it will be used, please contact your title or settlement company.

**THANK YOU** for helping us comply with federal law and complete your transaction safely and efficiently.



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# FinCEN RRE Real Estate Agent CHEAT SHEET



Effective for closings on or after March 1, 2026

## WHAT TRIGGERS REPORTING TO FinCEN?



### A transaction is reportable when ALL apply:

- Residential real property (1-4 units, mixed-use with residential, or vacant land intended for residential use)
- Buyer is an LLC, corporation, partnership, or trust
- Purchase is non-financed (no traditional mortgage from an AML-regulated lender)
- No legal exemption applies



### Common transactional facts to flag:

- All-cash purchases
- Entity or trust buyers
- Hard-money or private lenders
- Buyer structure changes late in the deal

Ask at contract time: **“Will the buyer take title individually or in an entity/trust?”**



### Transactions generally exempt

- Inheritance / death-related transfers
- Divorce-related transfers
- Court-supervised sales
- Transfers to 1031 qualified intermediaries
- Sales to individuals (not entities or trusts)

*Exemptions are technical, confirm with title.*



### What information is required (high level)

#### • BUYER (ENTITY/TRUST):

- Entity or trust details
- Beneficial owner info (name, DOB, address, ID)
- Source of funds

#### • SELLER:

- Identity information
- Entity or trust details, if applicable

ALL INFO MUST BE CERTIFIED AS ACCURATE BY BOTH PARTIES.

#### **Who files the report?**

NOT the real estate agent.

Generally, the title or settlement agent.

**Agents are critical for setting expectations early.**



### Why this matters?

- Title companies cannot close without required information
- Federal penalties apply for non-compliance
- Early disclosure = smoother closing



### Best practices for agents

- Ask early about buyer structure
- Flag entity/trust deals immediately
- Prepare clients for extra forms
- Avoid giving legal advice, loop in title for questions and/or concerns



Agent message to clients: **“Some transactions now require federal reporting. Providing this information is required by law and helps keep your closing on track.”**

# FinCEN RULE FAQ

## for Real Estate Agents



### 1 Do real estate agents have to file anything with FinCEN?

No. Real estate agents never file the FinCEN report. The report is filed by a designated professional involved in the closing, most often the title or settlement agent. Your role is to identify potential reportable transactions early and help clients understand why information is required.

### 2 Does this apply to all cash transactions?

No. A transaction is only reportable if:

- The property is residential
- The buyer is an entity or trust, and
- The transaction is non-financed, and
- No exemption applies

Cash purchases by individuals are generally not reportable.

### 3 Is there a minimum price threshold?

No. There is no dollar threshold.

### 4 What types of buyers trigger reporting most often?

- LLCs
- Corporations
- Partnerships
- Trusts

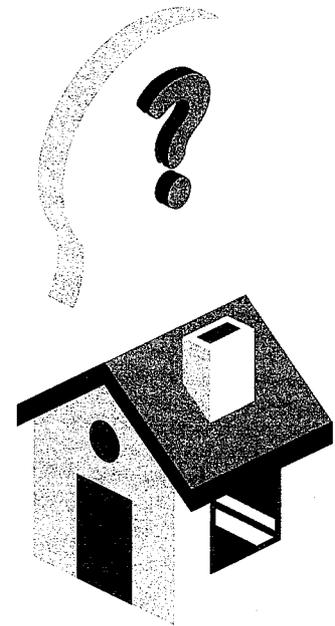
If the buyer is not a natural person, flag the transaction early.

### 5 What if the buyer uses a hard-money or private lender?

It may still be reportable. A transaction is only considered “financed” if the loan is secured by the property and comes from a lender that is required to have an AML program and has an obligation to report suspicious activity. Many private or hard-money lenders do not meet these criteria.

### 6 What if the buyer changes to an LLC or trust at the last minute?

Late structure changes are a common cause of delays. Changing the buyer to an entity or trust may trigger federal reporting, require new documentation, and can delay or prevent closing. Always coordinate with title before making buyer-structure changes.



# FinCEN RULE FAQ

## for Real Estate Agents (Cont.)

- 7 **Can a buyer avoid reporting by buying as an individual and transferring later?**  
Not necessarily. A post-closing transfer from an individual to an LLC or trust may itself be a separate reportable transaction, especially if it is non-financed.
- 8 **What if a client refuses to provide the information?**  
Because this is a federal requirement, the title company may refuse to close. Best practice is to set expectations early and loop in the title or settlement company. Avoid providing legal advice.
- 9 **Is this a privacy violation?**  
No, the information is required by federal law. It is collected only when necessary and is transmitted through secure systems. Additionally, the data is subject to strict storage and retention rules.
- 10 **Are attorneys exempt from providing information?**  
No. Attorney-client privilege does not block required FinCEN reporting information.
- 11 **What's the single most important thing agents should do?**  
Ask early how the buyer will take title. Early identification of entity or trust buyers is the most effective way to prevent delays and client frustration.

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*Agent*  
REMINDER

You are not the compliance officer, but you are the expectation setter.

**Clear communication, early in the transaction,  
protects your client and the closing timeline.**

*WHEN IN DOUBT, LOOP IN TITLE EARLY.*



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# FinCEN RRE Rule Agent Scripts for Buyer & Listing Appointments



## BUYER CONSULTATION SCRIPT (ENTITY OR CASH BUYER)

AGENT: *“ Before we move forward, I want to ask how you plan to take title, will you be buying as an individual, LLC, or trust? ”*

IF ENTITY OR TRUST: *“ I want to flag that certain entity or trust purchases, especially cash transactions, are subject to a federal reporting requirement through FinCEN. This doesn’t change your ability to buy, but it does mean you’ll need to provide additional information prior to closing. ”*

REASSURANCE: *“ The title company handles the reporting, and the information is stored securely. My job is to make sure there are no surprises later that could delay closing. ”*



## BUYER PUSHBACK RESPONSES

*“ This feels invasive. ”*

AGENT: *“ I understand. This is a federal anti-money-laundering rule that applies nationwide. Providing the information is required to complete the transaction. ”*

*“ Can we still close without it? ”*

AGENT: *“ No. The title company will not be able to close without the required information due to federal penalties. ”*



## LISTING APPOINTMENT SCRIPT (SELLER)

AGENT: *“ I want to make you aware of a new federal rule that affects some residential sales. If your buyer is an LLC, corporation, or trust and paying without a traditional mortgage, the title company may need additional information from both sides. ”*

EXPECTATION SETTING: *“ This is normal under the new rule, but it means responsiveness is important to keep closing on schedule. ”*



## CONTRACT STAGE SCRIPT

*“ Because this transaction may fall under federal reporting rules, the purchase agreement and title commitment may include FinCEN-related language. That’s expected and required. ”*



## LATE-STAGE STRUCTURE CHANGE SCRIPT

*“ I want to flag that changing the buyer to an LLC or trust late in the process can trigger federal reporting requirements and delay closing. Let’s coordinate with title before making changes. ”*

### KEY AGENT REMINDERS

- Do not give legal advice
- Do not promise exemptions
- Always loop in title/settlement early

YOUR VALUE: managing expectations and preventing surprises