



First American Title™

FinCEN Education for Real Estate Agents



P R E S E N T A T I O N K E Y T A K E A W A Y S ▶

- **FinCEN (Financial Crimes Enforcement Network):**
A bureau of the U.S. Treasury Department dedicated to protecting the financial system from illicit use.
- **Purpose of AML (Anti-Money Laundering):**
To detect and prevent money laundering, terrorism financing, and other illicit financial activities in real estate transactions.
- **GTO's (Geographic Targeting Orders):**
Title companies in specified parts of the country report transactional information back to FinCEN for the collection, analysis and dissemination of financial findings via CTR's (Currency Transaction Reports).
- **Effective Date:**
The Residential Real Estate Reporting Rule takes effect March 1, 2026 and will replace existing GTO's.

When Is a Transaction Reportable?

A residential real estate transaction must be reported if it meets these criteria:

1. **Non-Financed Transfer:** No traditional lender involved (e.g., all cash or private financing).
2. **Buyer Type:** Transferee is an entity or trust.
3. **Property Type:** Residential real property (1–4 family dwelling, vacant land intended for such use, or cooperative units).
4. **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)



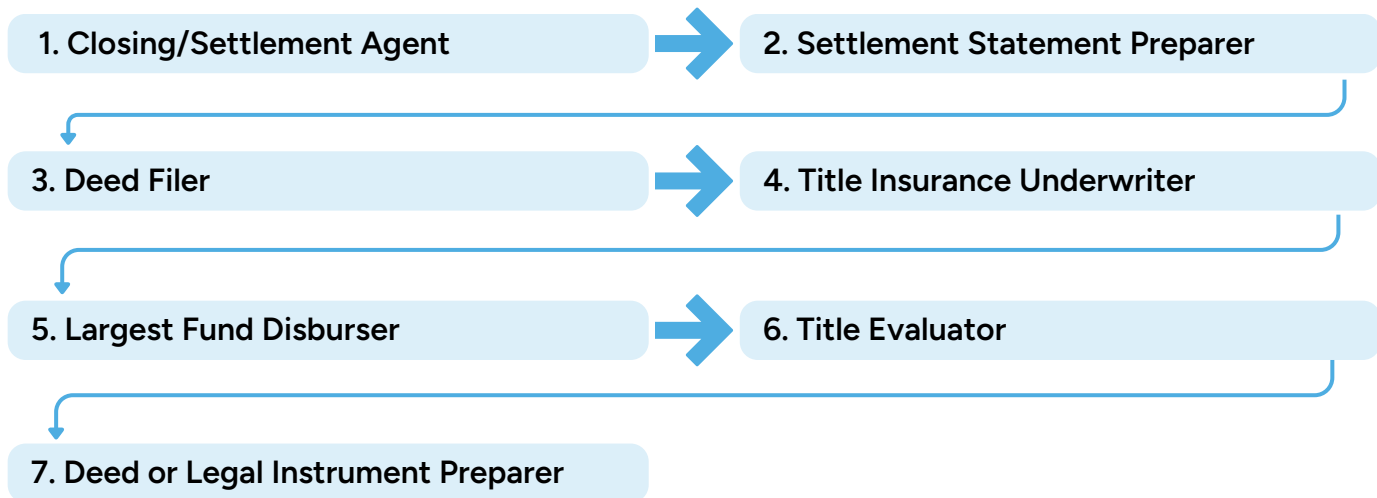


PRESENTATION KEY TAKEAWAYS ▶

Quick Reference: The Five Easy Filters

1. All buyers are individuals → **Not reportable**
2. Traditional lender involved → **Not reportable**
3. Not “residential real estate” → **Not reportable**
4. Excluded or exempted transfer → **Not reportable**
5. Buyer is a regulated entity → **Not reportable**

Who Must File? – The Reporting Cascade



Designation Agreements allow parties to assign responsibility to a specific reporting person.

Reasonable Reliance Standard allows reporting persons to make a determination and reasonably rely on information provided by other persons as long as there is no reason to question the reliability of the information. This includes Beneficial Ownership Information as long as certification is obtained.





PRESENTATION KEY TAKEAWAYS ▶

Information Required for Reporting

Buyer-Transferee Entity	Buyer-Beneficial Owner of Transferee Entity	Buyer-Transferee Trust	Seller
<ol style="list-style-type: none"> 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 <ul style="list-style-type: none"> • Individuals with substantial control – typically officers • Individuals with 25% ownership, directly or indirectly 	<ol style="list-style-type: none"> 1. Full Legal Name 2. Date of Birth 3. Residential Street Address 4. Citizenship 5. Unique Identifying Number 	<ol style="list-style-type: none"> 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 <ul style="list-style-type: none"> • 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 BOI of an entity 	<ol style="list-style-type: none"> 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 <p>No BOI information is needed from the Transferor.</p>

Documents:

- Various forms are used to collect the required information for the FinCEN RER Form; no promulgated data collection forms
- RER forms are filed electronically through FinCEN’s BSA e-Filing System





P R E S E N T A T I O N K E Y T A K E A W A Y S ▶

Charges:

- Varies by company and state
- Ask your title company; may use third-party vendors

Penalties:

Civil penalties for negligence may reach **\$1,394** per violation

Patterns of negligence can result in fines up to **\$108,489**

Willful violations may incur fines up to **\$250,000** or five years in prison

Additional civil penalties may also be imposed up to **\$278,937**

Best Practices for Real Estate Agents

- **Identify Covered Transactions Early:** Review entity buyers, cash transactions and atypical financing transactions.
- **Collect Information Promptly:** Authority documents are needed for entities/trusts for review of ownership down to the individual parties at each level
- **Additional Charges May Be Assessed:** FinCEN projects industry compliance costs of **\$428M–\$690M** annually, with an average of 2.5 hours per reportable transaction for data collection and filing.
- **Be Aware of Penalties:** Civil and criminal penalties apply for negligent or willful violations.