

PROPERTY INFORMATION MEMO

FEBRUARY 27, 2026

Expanded Federal Reporting Requirements: Residential Real Estate Transfers Effective March 1, 2026

Under the Anti-Money Laundering Regulations for Residential Real Estate Transfers (Residential Real Estate Rule), the federal government recently took a step toward combating money laundering and other financial crimes involving residential real property transfers. Although the Residential Real Estate Rule became effective on Dec. 1, 2025, the Secretary of the Treasury granted temporary exemptive relief until March 1, 2026.

Reportable Transactions:

The Residential Real Estate Rule applies to non-financed transfers of residential real property to specified transferee entities and trusts unless an exception applies.

A *non-financed transfer* does **not** involve an extension of credit to the transferee that (i) is secured by the transferred property, and (ii) involves a financial institution which is subject to anti-money laundering (AML) program requirements and Suspicious Activity Report (SAR) reporting obligations, such as banks, credit unions, residential mortgage lenders and originators, Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac).

Residential real property is real property (i) that contains a structure designed for occupancy by one to four families, including condominium units and apartment buildings (provided the apartment building is designed for occupancy by one to four families) or (ii) vacant land on which a transferee intends to build a structure designed for occupancy by one to four families.

A *transferee* entity includes a corporation, partnership, estate, association, limited liability company and statutory trust. A transferee trust is any legal arrangement created when a person places assets under the control of a trustee for the benefit of one or more beneficiaries or for a specified purpose.

There are several exceptions to the Residential Real Estate Rule, including, but not limited to:

- Transfers resulting from death of an individual (pursuant to a will, trust, operation of law or by contractual provisions);
- Transfers incident to divorce or dissolution of marriage;
- Transfers to a qualified intermediary for the purpose of a like-kind exchange (Section 1031 of the Internal Revenue Code); and
- Transfers for no consideration from an individual or spouse to a trust where one or both are the grantor/settlor.

Although the Residential Real Estate Rule provides for several exceptions, the applicability of any exception must be determined through a fact-based analysis. The Reporting Person (hereinafter defined) should review the specific facts for each transfer.

Unless an exception applies, if a transfer satisfies the requirements of a Reportable Transaction, the Residential Real Estate Rule requires a Reporting Person to submit a Real Estate Report to FinCEN.

Who Files the Real Estate Report?

Similar to the reporting cascade outlined in IRS Form 1099-S, the individual obligated to submit the Real Estate Report (the Reporting Person) will be the individual that serves the first of the following roles in a transaction: (i) the closing or settlement agent on the closing statement, (ii) the person who prepares the settlement or closing statement, (iii) the person that files the transfer with the recordation office, (iv) the person that underwrites the title insurance policy for transferee or (v) the person who disburses the greatest amount of funds in connection with the residential real property transfer; or as otherwise agreed between the parties.

What information must be reported?

The Real Estate Report must include, but is not limited to: (i) the full legal name and business address of the Reporting Person, the transferee, the transferor and the trustees of a trust transferee or trust transferor, (ii) the street address and legal description of the real property being transferred, (iii) the closing date of the property transfer and (iv) the total consideration required to be paid by the transferee.

If the transferee or transferor is a trust, the Real Estate Report must also indicate the date the trust instrument was executed and whether the trust is revocable. Additionally, for each payment made by the transferee, the Real Estate Report must indicate the amount of the payment, the method of payment, the name and account number of the financial institution from which the payment was made and name of the payor.

The Real Estate Report must also include the name, date of birth and residential address of the beneficial owners of the transferee, the individuals signing on behalf of the parties and any individual transferors. Additionally, the Real Estate Report must indicate the countries of citizenship of the beneficial owners.

Who has access to the reported information?

Real Estate Reports will be maintained by FinCEN in a secure database and will be subject to strict limits on use and dissemination. Real Estate Reports will not be accessible to the general public and are exempt from disclosure under FOIA.

Is there a deadline for filing the Real Estate Report?

The Reporting Person must file the Real Estate Report within 30 days of closing or the last day of the month following the month of closing, whichever is later. In practice, the Reporting Person has thirty (30) to sixty (60) days after closing to file the Real Estate Report.

What is the Timeline for Acceptance or Rejection of the Real Estate Report?

The Real Estate Report must be submitted through the [Bank Secrecy Act \(BSA\) E-Filing System](#). When a Real Estate Report is submitted through this system, the Reporting Person will automatically connect to the Submission Confirmation Page which confirms the submission was received or identifies errors that prevent FinCEN from receiving the submission. The Reporting Person will receive a confirmation email (which notes if the submission was ACCEPTED or REJECTED) within 1 to 2 business days after submission. If REJECTED, the Reporting Person must resolve the rejection and resubmit.

Penalties for Violations

Negligent violations of the rule could result in a civil penalty of 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.

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.

If you have any questions regarding this information memo, please contact [Sarah Wheeler](#), [Haley Ouellette](#), any attorney in Bond's [property practice](#) or the attorney at the firm with whom you regularly communicate.

