



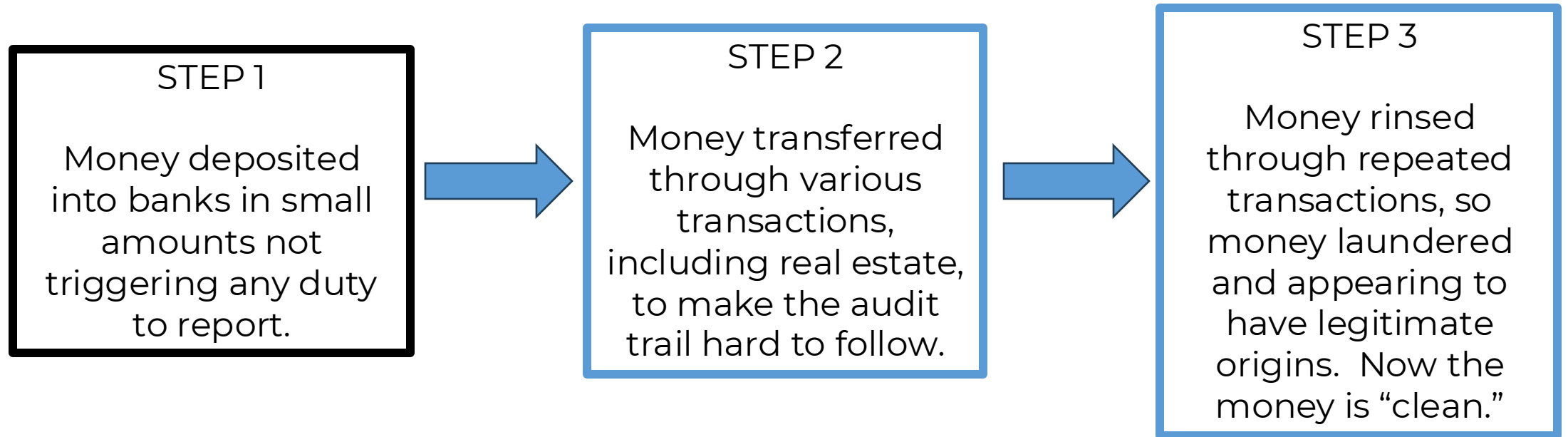
# Overview of FinCEN's Residential Real Estate Reporting Rule

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Review the origin of FinCEN's RRER to prepare your customer's and you for compliance.

Implementation Date =  
**December 1, 2025**

# Money Laundering



# FinCEN – Financial Crimes Enforcement Network

Mission: “...to safeguard the financial system from illicit use, combat money laundering and its related crimes including terrorism, and promote national security through the strategic use of financial authorities and the collection, analysis, and dissemination of financial intelligence.”



- Bank Secrecy Act (BSA) established FinCEN
- Part of Department of Treasury, was headed by Secretary Janet Yellen; now Secretary Scott Bessent
- FinCEN was led by Director Andrea Gacki
- For this specific regulation, the Anti-Money-Laundering Act of 2020 (AML Act) amended the BSA and further directed FinCEN to “establish streamlined...processes to, as appropriate, permit the filing of noncomplex categories of reports and suspicious activity.”

# Anti-Drug Abuse Act of 1988

PUBLIC LAW 100-690—NOV. 18, 1988

102 STAT. 4181

Public Law 100-690  
100th Congress

An Act

To prevent the manufacturing, distribution, and use of illegal drugs, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

## SECTION 1. SHORT TITLE.

This Act may be cited as the "Anti-Drug Abuse Act of 1988".

## SEC. 2. TABLE OF TITLES.

Title I—Coordination of national drug policy  
Title II—Treatment and prevention programs  
Title III—Drug education program  
Title IV—International narcotics control  
Title V—User accountability  
Title VI—Anti-drug abuse amendments act of 1988  
Title VII—Death penalty and other criminal and law enforcement matters  
Title VIII—Federal alcohol administration  
Title IX—Miscellaneous  
Title X—Supplemental appropriations

141065

Nov. 18, 1988  
[H.R. 5210]

Anti-Drug Abuse  
Act of 1988.  
21 USC 1501  
note.

## SEC. 6185. BANK SECRECY ACT AMENDMENTS.

(a) **BUSINESS SIMILAR TO FINANCIAL INSTITUTIONS.**—Section 5312(a)(2) of title 31, United States Code, is amended by striking subparagraphs (T) and (U) and inserting the following:

"(T) a business engaged in vehicle sales, including automobile, airplane, and boat sales;

"(U) persons involved in real estate closings and settlements;

"(V) the United States Postal Service;

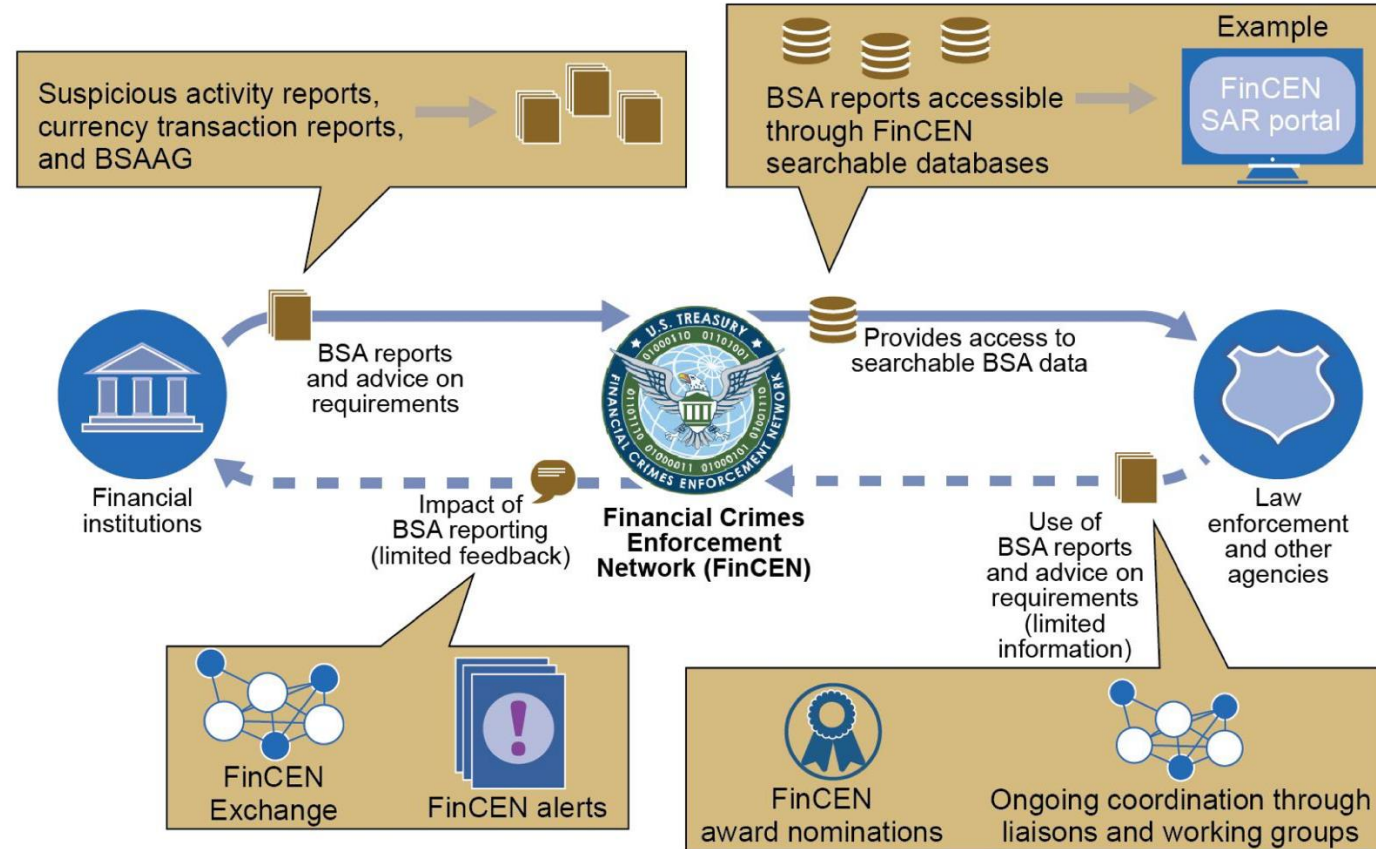
"(W) an agency of the United States Government or of a State or local government carrying out a duty or power of a business described in this paragraph;

"(X) any business or agency which engages in any activity which the Secretary of the Treasury determines, by regulation, to be an activity which is similar to, related to, or a

# How Does FinCEN Stop Money-Laundering?

- Receiving and maintaining financial transactions data
  - Suspicious Activity Reports (SARs) (filed by Lenders)
  - Currency Transaction Reports (CTRs) (filed by Banks)
  - And starting December 1, 2025, Residential Real Estate Reports
- Data analysis and dissemination for law enforcement purposes,
  - Works with U.S. Department of Homeland Security, U.S. Internal Revenue Service, the U.S. Securities and Exchange Commission, the Federal Deposit Insurance Corporation, the Federal Bureau of Investigation, and U.S. Immigration and Customs Enforcement.
  - Identify sanction evasion with Office of Terrorism and Financial Intelligence (TFI)
- Cooperation with international bodies and foreign governments
- FinCEN Exchange - FinCEN's voluntary public-private partnership brings together law enforcement, national security agencies, and financial institutions to help combat financial crime.

**Figure 1: Feedback Loop Between Financial Institutions, FinCEN, and Users of BSA Reports**



BSA = Bank Secrecy Act  
BSAAG = BSA Advisory Group  
SAR = Suspicious Activity Report

Source: GAO analysis of agency documentation and interviews. | GAO-22-105242

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## Geographic Targeting Orders

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- Started in 2016
- Covered Miami and NYC originally but expanded to 69 counties
- Focused on all cash residential transactions by legal entities
- Originally was high dollar but later changed to \$300k (\$50k in Baltimore)
- GTOs proved highly valuable to FinCEN
- 40% of GTO reports correlated to a bank SAR
- FinCEN Director during Congressional Testimony
- 7% involve a subject of an ongoing FBI investigation



- Notice of Proposed Rule Making
- Comment Period
- Issuance of Final Rule August 28, 2024
  - 21 Page Rule
  - 91 Pages of Explanation
  - 101 Footnote Explanations or Citations

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## Final Rule Creation

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## Rule Contents

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- Reasonable Reliance
- Reportable Transfers
- Reporting Person
- Information Reportable about
  - The Transferee (Buyer)
  - The Transferor (Seller)
  - The Property
  - The Payment
- How, What, and When to File
- Miscellaneous Provisions

# Reasonable Reliance

# Reasonable Reliance Language

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- (a) “The reporting person may reasonably rely on information collected from others under the conditions described in paragraph (j).”
- (j) *Reasonable reliance*—(1) *General*. Except as described in paragraph (j)(2) of this section, the reporting person may rely upon information provided by other persons, absent knowledge of facts that would reasonably call into question the reliability of the information provided to the reporting person.

...
- (2) *Certification when reporting beneficial ownership information*. For purposes of reporting information described in paragraphs (e)(1)(ii) and (e)(2)(iii) of this section, the reporting person may rely upon information provided by the transferee or a person representing the transferee in the reportable transfer, absent knowledge of facts that would reasonably call into question the reliability of the information to the reporting person, if the person providing the information certifies the accuracy of the information in writing to the best of the person’s knowledge.

# The Cascade of “Reporting Person”

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- “...the reporting person for a reportable transfer is the person engaged within the United States as a business in the provision of real estate closing and settlement services that is:”
  - The person listed as the **closing or settlement agent** on the closing or settlement statement for the transfer
  - ...then the person that **prepares the closing or settlement statement** for the transfer...
  - ...then the **person that files with the recordation office** the deed or other instrument that transfers ownership of the residential real property...
  - ...then 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...
  - ...then 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...
  - ...then the **person that provides an evaluation of the status of the title**...
  - ...then 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.

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## Filing Procedures

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- What? File a Real Estate Report
- Where? Electronically with FinCEN per the instructions in the report
- When? By later of either:
  - Final day of month following the month in which the closing occurred OR
  - 30 calendar days

- Five years from filing of report
- Must maintain Certifications and Designation Agreements
- Note: All parties to a designation agreement must keep a copy.

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## Record Keeping Requirements

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# This is Required. No One Wants to Go to Jail.

Mens Rea	Fine or Penalty?	Criminal?
Negligent?	Not more than \$1,394 per violation; up to \$108,489 for a pattern	No
Willful?	Criminal – up to \$250,000 Civil – Not more than the greater amount involved in the transaction (not to exceed \$278,937) or \$69,733	Yes, up to five years in prison



**THANK YOU.**

**Questions?**