

New Reporting Requirements for Residential Real Estate Non-Financed Transfers

As of March 1, 2026, certain non-financed transfers of residential real estate to business entities and trusts will trigger new federal reporting requirements. As part of its ongoing anti-money-laundering efforts, the Financial Crimes Enforcement Network (FinCEN) issued the “Residential Real Estate Rule” (the Rule), which creates these reporting requirements.

Which transfers are reportable?

The Rule requires that information relating to non-financed transfers of residential real estate to certain entities—such as LLCs, corporations, partnerships and estates—and to revocable and irrevocable trusts, be reported to FinCEN. The Rule does not apply to transfers to individuals.

“Residential real estate” is defined under the Rule to include real property containing structures and/or units designed for one to four family occupancy, and land on which the buyer/transferee intends to build such a structure. Examples include single family houses, duplexes, condos, one to four family apartment complexes and some timeshares.

A transfer is considered non-financed if the buyer/transferee does not obtain a mortgage or similar loan from a bank or other regulated financial institution that is secured by the real estate. Cash purchases, gifts or transfers financed outside the traditional mortgage system are considered non-financed and therefore reportable. If there are multiple buyers/transferees and any one of them does not receive qualifying financing, the entire transfer is considered non-financed and reportable.

Which transfers are exempt from reporting?

Several common estate-planning transfers are exempt from the Rule’s reporting requirement, including where:

1. The transfer results from the death of an individual, whether pursuant to the terms of a will, trust, intestacy or contract.
2. The transfer is for no consideration made by an individual—either alone or

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with their spouse—to a trust of which that individual, that individual's spouse or both are the settlors or grantors.

3. The transfer is incidental to divorce.

If a transfer falls within one of the above exemptions, no report is required under the Rule.

What are the reporting requirements?

In a reportable transfer, the “reporting person” is required to file the report with FinCEN. The reporting person must be a professional conducting real estate services, and will typically be the closing agent, the person who prepares the closing statement, or the person who files the transfer paperwork. If a real estate professional is not involved in the transfer, there generally will not be a reporting requirement.

The report, called the “Real Estate Report,” must identify the reporting person, the residential real estate being transferred, the buyer/transferee entity or trust and its beneficial owners and trustees, the seller/transferor, and the total sale price. Beneficial owners of an entity include those who exercise substantial control over the entity or own or control at least 25% of the entity's ownership interests. Beneficial owners of a trust include the trustee, a beneficiary who is the sole permissible recipient of trust assets, and, for revocable trusts, the settlor(s). Standard identifying information—date of birth, address and government identification details—is required for the Real Estate Report.

Real Estate Reports must be filed with FinCEN's secure database, which is not accessible to the general public.

When must the Real Estate Report be filed?

For transactions closing on or after March 1, 2026, the Real Estate Report must be filed by the later of (1) the last day of the month that closing occurred; or (2) 30 days after the date of closing.

What penalties does the Rule impose?

Reporting persons might be subject to civil, and potentially criminal, penalties for failure to file a required report. A negligent violation of the Rule can result in a civil



penalty of not more than \$1,430 for each violation. Patterns of negligent violations can result in more significant penalties. Willful violations can also result in significant civil penalties, and in serious cases, criminal penalties. The penalties apply only to the reporting person.

What should individuals do next?

Transfers of residential real estate to entities and trusts are common in business and estate planning. The reporting obligations fall onto the professionals handling the transfer, however, individuals should be aware that they will be required to make additional information disclosures in connection with transfers of residential real estate.

For general questions about these new reporting requirements, contact your Reinhart representative for assistance or for a referral to a member of our Real Estate Practice or Trust and Estates Practice. If you have questions about how these reporting developments may affect your estate or business planning or would like to explore planning opportunities, please contact your Reinhart representative or a member of Reinhart's Trusts and Estates Practice.

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