



The End of Anonymous All-Cash Residential Deals: FinCEN's New Reporting Rule is Effective March 1, 2026

For decades, all-cash residential closings carried certain assumptions: fewer parties, fewer approvals, and, for entity purchasers, a degree of privacy. That reality is now changing.

Effective March 1, 2026, the Financial Crimes Enforcement Network ("FinCEN") will require reporting of certain non-financed transfers of residential real estate to legal entities and trusts. The new Residential Real Estate Reporting Rule represents a significant federal expansion of anti-money laundering enforcement into everyday closing practice.

This is not a narrow rule targeting only high-end transactions. It applies nationwide, carries no minimum price threshold, and reaches the LLC-based acquisitions that are now routine in both investment and estate planning structures.

What Is Changing?

Under the new rule, when residential property, which is defined as 1–4 family homes, condominiums, cooperatives, townhouses, and certain vacant land, is transferred without institutional financing to a legal entity or trust, a report must be filed with FinCEN. If a bank is lending, the transaction is generally outside the rule. But where there is no lender, the reporting obligation is triggered.

The required filing includes detailed information regarding:

- The transferor;
- The transferee entity;
- The property;
- The purchase price and method of payment; and
- The beneficial owners behind the transferee entity.

The federal government's message is clear: if a legal entity is acquiring residential property without a bank involved, transparency is now required.

Who is Responsible for Filing?

FinCEN adopted a cascading approach to determine who must file. The reporting person is generally the individual or firm preparing the settlement statement, filing the deed, or disbursing funds. In most transactions, that will mean:

- The settlement agent;
- The title agent; or
- The attorney conducting the closing

As a practical matter, firms and other closing participants will need to coordinate and establish clear procedures to determine which party will assume the reporting responsibility in each transaction.

Exempt Transactions

Although the rule is intentionally broad, FinCEN carved out several categories of transfers that are not subject to reporting. Principal exemptions include, but are not limited to:

- Transfers incident to death, including distributions from an estate;
- Transfers pursuant to divorce or court order;
- Bankruptcy-related transfers;
- Certain transfers to a revocable trust where the transferor remains the beneficial owner; and
- Transfers involving governmental entities.

Exemptions are transaction-specific and fact-driven. A careful review of the regulatory language and the structure of the transfer is essential before concluding that no filing is required.

Estate Planning and LLC Transfers

Another recurring issue involves routine transfers of property into newly formed LLCs or trusts for estate planning or asset-protection objectives. Certain transfers, such as those incident to death, divorce, or bankruptcy, are exempt from the reporting requirements. However, a voluntary transfer of residential property into a newly formed entity, if non-financed, may still be reportable. Attorneys who regularly structure estate-planning or liability-protection vehicles will need to incorporate a reporting analysis into their standard transaction due diligence.

Preparing for March 2026

Before the rule takes effect, firms should consider:

- Identifying who will serve as the reporting person;
- Updating engagement language;
- Developing beneficial ownership intake protocols;
- Coordinating procedures with title underwriters and settlement agents; and
- Training closing staff.

This is not a requirement that can be managed at the closing table. It calls for advance planning and meaningful operational changes.

If you have questions about whether a transaction is reportable or how this rule may affect your closing procedures, you should consult our experienced real estate counsel for guidance.

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