

SAFEGUARDING U.S. FINANCIAL SYSTEMS

A SUMMARY OF THE ANTI-MONEY LAUNDERING REGULATIONS FOR RESIDENTIAL REAL ESTATE TRANSFERS

New Nationwide Rule: Starting March 1st, 2026, the new regulations take effect. It is a nationwide reporting requirement with no geographic limitations or purchase price thresholds. This rule mandates settlement agents to report detailed information on residential property transfers to legal entities and trusts, with limited exemptions. The new regulations are a permanent implementation of the current Geographic Targeting Order (GTO). The new regulations will replace the GTO and become a nationwide reporting requirement; not limited to the 13 metropolitan areas currently covered.

KEY POINTS OF THE NEW REGULATIONS

- **Covered Transactions**
Primarily covers cash purchases of residential real estate by legal entities or trusts. It also includes transactions that involve private or seller financing, non-institutional lending, or financing secured by collateral other than the property being transferred.
- **Reportable Properties**
Residential single-family homes, townhomes, 1-4 unit family properties, vacant land intended for 1-4 unit family residential construction, co-ops, condos, mixed-use, and apartment buildings.
- **Territories**
Applies to qualifying transactions nationwide, including Washington, D.C., Puerto Rico, and Native American lands.
- **Reportable Information**
The Real Estate Report has yet to be finalized. The proposed Report has 111 data fields, covering details about the property, the transferee and transferor, certain beneficial owners, as well as the source of funds, payment information, and reporting parties.
- **Reporting Persons**
Primarily the closing or settlement agent, unless otherwise designated.

5 STEPS TO PREPARE NOW:

1. **Understand the Rule**
Review FinCEN's final rule, fact sheet, and FAQs.
2. **Work with Legal and Compliance Teams**
Ensure thorough understanding and compliance to avoid penalties and legal repercussions.
3. **Monitor and Audit**
Set up systems to track compliance and stay updated on FinCEN guidance.
Visit: www.Fincen.gov/news-room/news
4. **Leverage Technology**
Use technology to streamline reporting and ensure accurate data collection and submission.
5. **Train Your Team**
Educate staff and update internal procedures to align with the new rule.

Understanding the shift from the GTO to the Anti-Money Laundering Regulations for Residential Real Estate Transfers rule will help to avoid confusion. Understanding and implementing the requirements to meet the new regulations will require retraining since the information which will need to be collected will go beyond the information collected under the current GTO. For further information, please visit: <https://www.fincen.gov>