

FINCEN

NEW REPORTING GUIDELINES



What Buyers & Sellers Need to Know (Effective March 1, 2026)

New federal regulations now require escrow companies to collect and report certain information in cash non-financed real estate transactions. These rules were introduced by the Financial Crimes Enforcement Network (FinCEN) to increase transparency and help prevent illegal funds and money laundering in property purchases.

Which Transactions Are Affected?

Reporting may be required if a transaction involves:

- Residential property (1–4 units) or vacant residential land
- An all-cash purchase
- Non-traditional federally regulated financing (such as hard-money or seller financing)
- A buyer purchasing through an LLC, corporation, partnership, or trust
- Property at any price point and in any location nationwide

Who Must Provide Information?

Escrow may request identifying information from:

- Buyers and sellers
- Trustees or beneficial owners
- Individuals signing on behalf of an entity (LLC, Trust, CORP, LP etc)

Information must typically be provided **within 7 days from request** and **before closing can occur**.

Offer & Negotiation Considerations

Sellers may consider whether a Buyer's transaction will require FinCEN reporting, just like any other contract term, when deciding to accept, reject, or counter an offer.

What Information May Be Required?

Escrow may be required to collect detailed identifying information, including:

- Name, date of birth, and residential address
- Social Security Number or Tax ID
- Citizenship information
- Ownership percentages in an entity
- Employer or authorization capacity for signing parties
- Trust details such as revocability and beneficiaries
- Copies of IDs
- Entity Documents

1. ***What happens if a Buyer starts escrow as an individual but later decides to purchase in an LLC or trust?***

Changing vesting during escrow may trigger FinCEN reporting requirements.

Additional identification and ownership information may be required, which can delay closing. Sellers may also consider this change when deciding whether to approve contract modifications.

Certain post-sale transfers to trusts for no consideration are not reportable, but not all. Ask your attorney.

2. ***Are there additional fees related to FinCEN reporting?***

Escrow companies may charge a federal compliance or reporting fee. For example, *Waterfront Escrow* currently charges approximately \$350, typically paid by the Buyer. Fees may vary depending on the escrow provider.

3. ***Can escrow close if the required information is not provided?***

No. Escrow cannot close a transaction until all required FinCEN reporting information has been received and processed.

4. ***What happens if a party refuses or delays providing the required information?***

Failure to provide required information may be considered a breach of contract. The other party may issue a Notice to Perform and may ultimately have the right to **cancel** the transaction.

5. ***Do these rules apply only in certain states or price ranges?***

No. These are federal regulations that apply nationwide and may apply to transactions at any price point.

6. ***Why is escrow requesting this information?***

Escrow companies are legally required to collect and report certain information to the U.S. Department of the Treasury. Failure to comply may expose escrow companies to civil or criminal penalties, which is why these requirements are strictly enforced.

7. ***What Is a beneficial owner?***

A beneficial owner is generally a person who owns 25% or more of an entity or exercises significant control over it. For trusts, this may include trustees, individuals entitled to trust income or assets, or persons with authority over trust property.