



## Memo

**Date:** 04/21/2026

**To:** County Auditors, County Treasurers, Land Commissioners, and Staff

**From:** Kelly Ydstie  
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Property Tax Division

### Tax-Forfeited Land Sales and FinCEN Residential Real Estate Reporting

The Financial Crimes Enforcement Network (FinCEN), a bureau of the U.S. Department of the Treasury, recently implemented a rule that requires reporting of certain residential real estate transfers. Conveyances of tax-forfeited land include residential real estate parcels. The Minnesota Department of Revenue has been asked about its role in the new reporting requirement.

#### Is the rule currently in effect?

As of the date of this memo, no. A federal court found the rule unlawful and vacated it effective March 19, 2026. *Flowers Title Companies, LLC, Plaintiff, v. Scott Bessent in his official capacity as U.S. Sec’y of Treasury, et al., Defendants, No. 6:25-CV-127-JDK, 2026 WL 782283, at \*8 (E.D. Tex. Mar. 19, 2026)*. The [FinCEN Residential Real Estate Rule website](#) reflects this update with the following alert: “In light of a federal court decision, reporting persons are not currently required to file real estate reports with FinCEN and are not subject to liability if they fail to do so while the order remains in force.”

It is possible that the district court could stay its vacatur if the administration appeals, or that following such an appeal, an appellate court could reverse the district court. For this reason, we provide the guidance below in the event the rule does return to effect. You should work with your county attorney to evaluate how this affects your county.

#### What is the Residential Real Estate Rule?

The Residential Real Estate Rule, effective March 1, 2026, requires reports of residential real property transfers by reporting persons. The Code of Federal Regulations, title 31, section 1031.320, paragraph (c), defines a reporting person as “the person engaged within the United States as a business in the provision of real estate closing and settlement services.”

This rule applies to transfers of residential real property when all these conditions are met:

- The property is residential real estate

- The property is transferred without financing from a bank or similar financial institution, such as an all-cash purchase or a gift
- The property is transferred to a qualifying legal entity or trust, such as an LLC
- The transfer is not [covered by an exception](#)

The [FinCEN Residential Real Estate Rule website](#) has more information about the rule.

### **How does this impact conveyances of tax-forfeited land?**

If the transfer of residential real estate meets all the conditions and no exceptions apply, a report must be filed with FinCEN.

One exception that may apply is a conveyance to a governmental authority. You should seek guidance from your county attorney on whether reporting is needed in these situations.

### **What is the Minnesota Department of Revenue's role?**

Revenue reviewed its role with FinCEN reporting. Under the federal guidelines, Revenue is not a reporting person and therefore will not be signing FinCEN reporting forms.

### **What is a county's role?**

FinCEN's guidance includes [a reporting cascade](#). The third function in the cascade is "a person that files with the recordation office the deed or other instrument that transfers ownership of the residential real property."

Minnesota Statute 282.01, subdivision 6, explains that county auditors are responsible for having state deeds for tax-forfeited land recorded in their county. (See also M.S. 282.014 and 94.344, subd. 10)

However, only "a person engaged... as a business in the provision of real estate closing and settlement services" can be a reporting person.

You should work with your county attorney to evaluate the county's auditor's role in filing a Real Estate Report.

### **Questions?**

If you have questions about the Residential Real Estate Reporting rule, email [Auditor/Treasurer Services](#).