

# Industry News

## FinCEN's Real Estate Reporting Rule Survives Two Court Challenges; New Lawsuit Seeks to Upend It

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In the latest round of litigation over FinCEN's Real Estate Reporting Rule, two federal courts recently rejected legal challenges to the rule's validity, while a third lawsuit has now been filed seeking to block or vacate the regulation.

### Federal Courts Uphold FinCEN's Authority and Rule

In February 2026, the U.S. District Court for the Middle District of Florida issued a decision granting summary judgment to the U.S. Department of the Treasury and FinCEN in **Fidelity National Financial, Inc. v. Bessent**, upholding the rule against multiple constitutional and statutory challenges. In that case, plaintiffs argued that the rule exceeded FinCEN's authority under the Bank Secrecy Act, violated the Administrative Procedure Act (APA) and infringed on Fourth and First Amendment rights. Fidelity also argued FinCEN acted arbitrarily and capriciously in finalizing the rule because it didn't consider all the likely costs that the title industry will bear in complying with the rule. The court rejected these arguments, concluding that the rule is statutorily authorized under the Bank Secrecy Act and is neither arbitrary and capricious nor unconstitutional. The court overruled plaintiffs' objections and adopted a magistrate judge's recommendation in full, granting the government's cross-motion for summary judgment.

Around the same time, another **federal district court in Texas** likewise rejected similar arguments in a separate challenge, holding that FinCEN's rule is lawful and enforceable. These decisions confirm that, at least in these jurisdictions, courts will interpret FinCEN's anti-money laundering authority broadly and will uphold the nationwide application of the reporting rule.

### New Lawsuit Filed Against FinCEN's Rule

While the Florida and Texas decisions represent victories for FinCEN and its defenders, a new lawsuit has been filed in the U.S. District Court for the District of Puerto Rico challenging the Real Estate Reporting Rule on similar procedural and constitutional grounds (**Puerto Rico v. FinCEN, No. PRD-191360**). This complaint alleges that the rule exceeds statutory authority, violates the APA and imposes unreasonable compliance burdens. These arguments mirror those made in the earlier cases. Plaintiffs seek declaratory and injunctive relief to prevent enforcement of the rule as applied to transfers within Puerto Rico.

Another case in Texas remains active and unresolved. Flowers Title Companies LLC **sued FinCEN** in the Eastern district of Texas, alleging the rule violated the separation of powers by promulgating the reporting rule.

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