

Real estate agents now must verify ID of buyers and sellers and track deposits.

(675 with signature)

New federal laws and regulations dealing with money laundering and anti-terrorist financing that went into effect on June 23rd 2008 will require real estate agents and brokers to collect and verify more personal information from buyers and sellers. Real estate agents must also now track the source of funds received during the course of a real estate transaction, such as the deposit.

These new regulations are part of federal legislation (Bill C-25) passed in 2007 that requires a number of industries, including real estate, to do more to help stop money laundering and terrorist financing. The regulations are enforced by the federal agency known as the Financial Transactions and Reports Analysis Centre of Canada, or FINTRAC.

"Real estate agents have had legal obligations under the federal government's push to combat criminal activity and terrorism since 2001, when Canada's first laws to combat money laundering and terrorist financing were introduced" **says the President of The Canadian Real Estate Association, Calvin Lindberg. He is a REALTOR® in Vancouver.**

"In the first phase of compliance, real estate agents were required to report only suspicious transactions, or transactions involving more than \$10,000 in cash" the **CREA President** explains. "Now, verified personal information records must be kept of the buyer and seller for each and every real estate transaction in Canada. That personal information includes details such as occupation."

Real estate agents are now required to ask for proof of the identity of all buyers or sellers involved in a Canadian real estate transaction. If the client is a corporation, that information must include corporate documentation, and the names of the corporation directors. Real estate agents must also ascertain whether a third party is involved in the transaction.

This identification requirement also applies if a buyer or seller involved in a transaction is not represented by a real estate agent, but the other individual involved **is** represented. Those buying or selling privately will be asked by the agent representing the other individual involve to provide personal information and proof of identity as well, and that record must also be kept by the real estate agent involved in the transaction.

Also under the new FINTRAC regulations, real estate agents dealing with clients they never meet must also verify their personal information. One way to do this is for the broker office to hire an agent or mandatary in the area where the client is located. That agent or mandatary must then meet the client, verifies the

identification of the client, and provide the information to the broker office actually handling the real estate transaction.

“There are buyers, sellers or investors from other countries who rely on expertise here rather than visiting the property themselves” the **CREA President** explains. “They must now meet with an official agent of the Canadian broker, and provide proof of identity. This agreement will add to the business costs of the Canadian real estate broker.”

The new regulations also require real estate agents to identify any third party that may be involved in the real estate transaction. This may be more common in a commercial or investment transaction, but the law says the identification information must be recorded if there is a third party involved no matter what type of property involved.

In addition to all the verification of ID requirements, real estate agents must also complete a report on the receipt of all funds received during the real estate transaction, not just those of \$10,000 or more.

In order to comply with these new federal regulations, REALTORS® are required to keep this identification and receipt of funds information on file for five years and provide it to FINTRAC if requested. It is the individual broker office that will be responsible for the safe keeping of the information, and the brokerage that will have to respond to any FINTRAC information request.

Complete compliance details and the CREA training module are posted on www.realtorlink.ca.