



News Release / Communiqué

The Canadian Real Estate Association
L'Association canadienne de l'immeuble

New law requires real estate agents to verify ID of buyers and sellers and track deposits

Ottawa – June 23rd, 2008 – New federal laws and regulations dealing with money laundering and anti-terrorist financing that go into effect today (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 prevent criminal activity and terrorism since 2001, when Canada's first comprehensive 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 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. They must also ascertain if a third party is involved in the transaction.

This 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 party involved in the transaction to provide proof of identity as well, and that record must 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 personal information. The broker office involved can do this with a service agreement with an agent or mandatary in the area where the client is located. That agent or mandatary must then meet the client, verify 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 broker.”

In addition to verification of personal information, 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, real estate agents 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.

There were 559,325 transactions reported through the Multiple Listing Service® operated by local real estate Boards and Associations in 2007.

The Canadian Real Estate Association (CREA) is one of Canada’s largest single industry trade associations, representing more than 96,000 REALTORS® working through more than 90 real estate Boards and Associations. CREA’s primary mission is to represent members at the federal level, and to defend the public’s right to own and enjoy property.

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