

FINTRAC

Change Updates

July 2017

Real Estate is one of several industries that fall under *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* regulations (PCMLFTA), which is administered by the Financial Transactions and Reporting Analysis Centre (FINTRAC).



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The federal government has simplified the reporting process for real estate professionals. The changes also enhanced FINTRAC's ability to detect, prevent and deter money laundering and financing of terrorist activities, while ensuring protection for consumer's personal information.

Below is a summary of changes affecting REALTORS® with links to additional resources.

Client Identification

REALTORS® can meet client identification requirements by using **one** of the following three methods:

Single Process Method Single piece of current federal/provincial government issued photo identification (i.e. passport, drivers licence)

Dual Process Method Two original, valid, and current documents from reputable sources (i.e. bank statements, utility bills, tax returns)

Credit File Information The client names, date of births, and addresses match information obtained from a Canadian credit bureau in existence for at least three years (i.e. Equifax, Transunion)

*The dual process method and credit file method may be used in scenarios where face-to-face identification is not possible.



General Inquiries

In addition to these changes, FINTRAC has published a number of **guidelines** and backgrounders to assist reporting entities in complying with the FINTRAC regime, including one specific to **real estate**.

Additional questions regarding complying with FINTRAC and the PCMLTFA should be referred to your brokerage's compliance officer.

Risk Assessment

FINTRAC developed and released the *Risk Based Approach Workbook for the Real Estate Sector*, which is a guide to help brokers and REALTORS® clearly identify risks in the real estate sector. This workbook can be used in conjunction with CREA's Risk Assessment Form.

The *Risk Based Approach Workbook for the Real Estate Sector* can be found [here](#).

Suspicious Transactions

FINTRAC also developed and released an operational brief titled *Indicators of Money Laundering in Financial Transactions Related to Real Estate*, which is a guide to assist brokers and REALTORS® in identifying suspicious transactions. This brief clarifies and expands on indicators, methods, and approaches used to launder money and fund terrorist activities through the Canadian financial system.

The *Indicators of Money Laundering in Financial Transactions Related to Real Estate* operational brief can be found [here](#).

Business Relationships

Previously, FINTRAC considered a business relationship to have formed when a brokerage engaged in two transactions with a client within a five year period.

This requirement has been adjusted, and a business relationship now requires documentation at the start of the **third** transaction with the brokerage. While a business relationship is formed at the end of the second transaction, only monitoring is required until the commencement of the third transaction. This change will reduce the administrative burden on real estate professionals.

Take the FINTRAC: Compliance for REALTORS® Course

Complying with the Canadian governments' Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA), this course is designed as the foundation course for REALTORS®, Brokers and Broker Managers to understand their responsibilities as they are related to PCMLTFA and the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC). This course takes 1.5-2 hours and requires a passing grade of 80%.

The FINTRAC course has been updated to reflect these changes and is available on [AREA's website](#).

