



Buyers, be aware of new rules

Maureen O'Neill

TREB PRESIDENT'S COLUMN AS IT APPEARS IN THE TORONTO SUN

June 20, 2008

Beginning later this month, mortgages may not be the only type of financing on the minds of home buyers; they could also find themselves preoccupied with financing of terrorism and money laundering. This is because, as of June 23, new Federal regulations intended to fight this type of illegal activity, will create new obligations for REALTORS® to collect additional information from their clients.

Money laundering and terrorism are threats that should be taken seriously. With this in mind, governments across the world have taken action to help prevent it. Because criminals involved in this type of activity can use seemingly legal transactions to camouflage their true purpose, governments have taken steps to filter out legal activity from illegal activity.

Canada's efforts have focused on the Proceeds of Crime (Money Laundering) and Terrorist Financing Act. Among other things, this law requires certain professions and businesses, which could potentially be used as vehicles for money laundering or terrorism financing, to keep records and submit reports to the Federal government. These requirements apply to REALTORS® because, often, in the course of regular real estate transactions, they act as financial intermediaries, such as when they hold a homebuyers' deposit funds.

The Money Laundering and Terrorist Financing Act was first enacted in 2002, but has been updated with new requirements coming into effect on June 23. Homebuyers should be aware of these new regulations because some of them mean that their REALTOR® will be required to ask for certain information from them. For example, under the new regulations, REALTORS® are required to verify the identity

of clients and keep client information records. As a result, homebuyers may need to provide their REALTOR® with valid identification, such as a driver's license.

REALTORS® are fully committed to helping prevent illegal activity, and these requirements are an important part of that; however, the Federal government must ensure that these requirements are implemented in a way that doesn't stifle legitimate economic activity. Also, the government has to ensure that the public is educated about these new requirements so that they are not surprised when asked to comply. Unfortunately, there has been little public education from the Federal government, which is one of the reasons why I decided to give you some information through this column.

The need for a Federal public education campaign is one of the concerns that REALTORS® have raised with Federal politicians on this issue.

If you would like more information, you can visit the web site of the Federal agency responsible for these regulations, the Financial Transactions and Reports Analysis Centre of Canada, at www.fintrac.gc.ca.

Maureen O'Neill is President of the Toronto Real Estate Board, a professional association that represents 28,000 REALTORS® in the Greater Toronto Area. For more information please visit www.TorontoRealEstateBoard.com.