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AML/CFT for real estate: a 5-minute primer

What the regime covers, who it applies to and where agencies typically trip up.

Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) law treats real estate as a high-risk sector because property is a long-standing vehicle for moving and storing illicit value. If your agency conducts real estate transactions on behalf of customers, you almost certainly fall inside the regime as a 'reporting entity'.

Who it applies to

Sales agencies â■■ residential and commercial â■■ are squarely in scope. Property management has narrower obligations focused around trust accounting and beneficial ownership. Sole operators are not exempt: the obligations scale to the size of the business, but they apply.

The five things you must do

1) Maintain a written Risk Assessment. 2) Maintain a Compliance Programme that mitigates those risks. 3) Conduct customer due diligence and ongoing monitoring. 4) Train staff and keep records. 5) Report suspicious activity, submit an annual report and undergo an independent audit on the prescribed cycle.

Where agencies typically trip up

The most common findings we see are: a Risk Assessment that was never updated after the agency added a new service or location; CDD files that capture ID but miss beneficial ownership; training records that exist but have no assessment evidence; and an annual report submitted at the deadline with no supporting workpapers behind it.

What 'good' looks like

A right-sized programme that your licensees actually use at the counter, refreshed at least annually, with a Compliance Officer who has time and authority to act. If your programme lives in a binder no one opens, it isn't a programme.

This article is provided by Compliance1 as general information about AML/CFT obligations for real estate. It is not legal or regulatory advice.