

Don't get lost in the crowd – FINTRAC rules for the mortgage industry

August 30, 2024

A friendly reminder to all mortgage administrators, mortgage brokers and mortgage lenders of the upcoming requirement to comply with the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (**the Act**) as of **October 11, 2024**. The requirements include the implementation of an AML/terrorist financing compliance program, reporting of certain transactions such as suspicious transaction reports, sanctions evasion reports and terrorist property reports, specified record-keeping, KYC obligations, and following all ministerial directives related to AML and terrorist financing.

A compliance program is expected to include written policies and procedures as well as the appointment of a compliance officer, a risk assessment to document the risk of money laundering or terrorist financing activities, a written, ongoing training program for employees and documentation of a plan to review the compliance program to test its effectiveness at least every two years (the two-year AML effectiveness review).

Examples of records that must be kept (with the specified information) include:

- receipt of funds records when amounts are received in connection with a mortgage on a real property;
- mortgage loan records which include information on the financial capacity of the client and the terms of the loan;
- information records every time a mortgage loan is serviced, arranged, or provided; and
- copies of official corporate records of clients and third-party determination records.

The required records must be kept for at least 5 years.

We expect that, over time, FINTRAC will conduct compliance examinations with respect to whether firms are meeting the requirements under the Act. Additionally, FINTRAC can levy substantial administrative penalties for non-compliance.

If you require any assistance with setting up your compliance program or employee training or have any other questions about your obligations under the Act, please contact your usual lawyer at [AUM Law](#).

By

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