AML/CTF Real Estate Flow Chart: for Selling Agents

From listing to settlement: when each obligation applies · AML/CTF Act 2006 & AML/CTF Rules 2025

REISA

- **Vendor** PRIMARY customer
- **Buyer** SECONDARY customer
- **Story Sheet** Ongoing CDD Risk & trigger-based

- General guidance only
- Always consider your agency's AML/CTF Program and Risk Assessment

SMR: Suspicious Matter Report, at ANY time (before, during or after), primary or secondary customer — 3 business days · 24 hours if terrorism financing · No tipping off

ONGOING CDD: transaction monitoring from listing to settlement

KYC and know their story

Watch for changes and red flags ↔ Be alert to any changes in risk

01 Appraisal

Get ready

- Assess ML/TF risk
- Collect ID now so checks are done by signing: **best practice**

02 Listing / SAA signed

PRIMARY CUSTOMER: CDD must be completed before you proceed

- Identity: collect KYC and verify (VOI)
- Anyone acting on their behalf, and their authority
- Beneficial owners (entities)
- PEP status
- Sanctions → STOP if identified
- Customer ML/TF risk
- Nature and purpose of the transaction

QUESTION

- Does it stack up?
- Do the pieces fit?
- How does your gut feel?
- Do you need to ask more questions?

03 During checks

Admin only

- OK: photography, styling, landscaping, PM notices (for example)
- No marketing or representation, public or quiet, including to your database, until vendors are verified

04 Offer accepted/ contract executed

SECONDARY CUSTOMER: CDD as soon as practicable

- Same CDD as the vendor: identity (VOI), representatives, beneficial owners, PEP, risk, nature and purpose
- Sanctions → STOP if identified

Delayed CDD is conditional, not automatic. Only where you have determined that delay is essential to avoid interrupting the ordinary course of business, and the ML/TF risk is low. Record why (see step 6).

- **Transaction monitoring:** add Story Sheet notes
- Request notification from conveyancer/lawyer of any change of transaction or entity, immediately if/when anything changes

05 10 days out (best practice)

Check with conveyancer/lawyer

- Has the buyer or purchasing entity changed in any way?
- Nomination, new trustee or company, third-party funds?
- Source of funds (SOF) changed?

06 Delayed CDD deadline (where delay applied)

Delayed CDD deadline on secondary customer

- CDD must be completed by the **earlier** of: **28 days after the exchange of contracts,** or **3 days before the initially agreed settlement date**
- Customer will not engage? Carry out and document your numerous efforts to engage and obtain CDD. Escalate and consider an SMR (don't tip off)

07 Settlement

Close the file

- Keep CDD records for 7 years
- Note any concerns
- Document and record why decisions were made
- Close the file, BUT be alert to any ongoing interactions after settlement

ONGOING CDD: risk & trigger-based monitoring

- Monitor the transaction while providing the service, scaled to the customer's ML/TF risk
- **Act on triggers**, e.g. nomination or change of purchaser/entity, new trustee or company, third-party or overseas funds, change in source of funds, unusual behaviour or instructions
- When triggered: update KYC, run CDD on any new party, apply ECDD if risk increases, consider an SMR
- Record it in your Story Sheet

Information Sharing Agreement

If agreed in writing and formally documented (as per the AML/CTF Rules), you can share/rely on another reporting entity's CDD on your customer to avoid doubling up. If you are relying, you still get their KYC and do your own sanctions and PEP checks. **CDD obligations stay with you.**

SDD (Simplified Due Diligence)

For low-risk customers only. Still verify identity and run sanctions and PEP checks. Record why SDD applies. May also apply to another reporting entity's authorised representative.

PEP

Foreign PEP: always ECDD. Domestic or international organisation PEP: ECDD if high risk. SOW (Source of Wealth) / SOF (Source of Funds) checks. Get senior manager approval.

Trusts · Companies · SMSFs

Identify beneficial owners (25% or more, or control), directors, trustees and the trust deed. Verify who signs.

ECDD (enhanced)

High risk, foreign PEP, high-risk country or unusual deal: check source of funds and source of wealth, and get senior manager (e.g. principal) sign-off.

SMR: Suspicious Matter Report

- Lodged by the CO within **3 business days** of forming the suspicion
- Directly through AUSTRAC Online
- **Don't tip off!**
- You may report more than one SMR as the transaction progresses, if required

TTR: Threshold Transaction Report

Physical cash of $10,000 or more: report to AUSTRAC within 10 business days.

General information only; not legal advice. Based on the AML/CTF Act 2006 (Cth) as amended, the AML/CTF Rules 2025 (incl. Rule 6-32 delayed CDD) and AUSTRAC guidance. Follow your agency's AML/CTF policies.

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