

2018 ANNUAL STATISTICAL RETURN FOR REAL ESTATE BROKERS IN BERMUDA (INSTRUCTIONS)

INTRODUCTION

Bermuda has committed itself to implementing and maintaining a robust framework to combat money laundering and terrorist financing. At the core of Bermuda’s fight against money laundering (ML) and terrorist financing (TF) is being cognizant of the ML/TF risks associated with the various business sectors such as real estate.

In furtherance of the on-going assessment of Bermuda’s ML/TF risk, the Superintendent of Real Estate (the “Superintendent”) has exercised his right as the competent authority with supervisory duties over real estate brokers in Bermuda to require that brokers provide such information as is specified in the Annual Statistical Return. See Regulation 16 of the Proceeds of Crime (Supervision and Enforcement) Act 2008.

LINE BY LINE INSTRUCTIONS

The Superintendent has provided the following line by line instructions where he has deemed it necessary or useful. Should you have questions regarding parts of the Annual Statistical Return that are not addressed in these instructions, please do not hesitate to contact the Office of the Superintendent of Real Estate for further clarification.

This Annual Statistical Return is for reporting information relating to transactions that closed during the period of 1 January 2018 through 31 December 2018, inclusive.

SECTION A – GENERAL INFORMATION

Line 3 – Broker contact details

Please provide the name of Broker and contact details for him/her.

Line 4 – ROC Registration number

This can be found on the upper right corner of your broker’s licence.

Line 10 – Personnel Matters

The Superintendent seeks to obtain better information regarding how brokers have structured their businesses. This will assist the Superintendent in developing our risk assessment of each Broker.

Line 11 – Revenue from all sources (for calendar year ending 31 December 2018)

Sales commissions – This term refers to the amount of commission booked or received (depends on the Broker’s method of accounting) in 2018. This amount would be the commission received where the Broker was the listing agent, or the total commission received if the Broker represented both sides of the transaction.

Co-broke arrangements – This term refers to the amount of commission booked or received (depends on the Broker’s method of accounting) for transactions whereby the Broker brought the buyer to the transaction. For transactions in which the Broker was the listing agent, those commissions must be recorded in “Sales commissions”.

Rental commissions – This term refers to the amount of commission booked or received (depends on the Broker’s method of accounting) in 2018. This amount would be the commission received irrespective of whether the Broker was the listing agent for the transaction.

SECTION B – INHERENT RISK FACTORS

General note: In the “Sales price of property subject to sale or purchase transaction” column, Brokers must include the total sales price, irrespective of whether the transaction was a purchase or sale and irrespective of whether the Broker represented both sides in the sale or purchase transaction. The Superintendent is seeking to obtain information on the total volume of the transactions described in this section. The Superintendent is aware of the duplicative numbers in Question 1a and 1b. We have addressed the matter of duplication in Question 2a – 2h.

The total of Question 1a and 1b should equal the total amount for Products and Services, Question 2a – 2h.

Question 1 – Client

Brokers must report the total number of each type of transaction with each type of client as specified in Questions 1a(i) through (vii), and 1b. For every transaction that the Broker completed, the Broker must report (in the appropriate column) the full sales price of each purchase and sale transaction.

If a Broker is involved on both the buyer and seller side of the transaction, the Broker must report each type of client separately in the appropriate column.

If a Broker is involved only on one side of the transaction (e.g., involved in a co-broke arrangement), the Broker will only record their side of the transaction as a response to Questions 1a and 1b.

Line 1a

(iii) refers to properties owned by the Bank; this may include repossessed properties or properties whereby the former owner returned the keys to the Bank.

Line 1d

The term “receiver/liquidator” refers to properties that are not owned directly by the Bank, but instances whereby the Bank is selling a distressed property as mortgagor or receiver on behalf of another person.

Question 2 – Products and Services

Questions 2a through 2d relate only to co-broke arrangements. Brokers will only record their side of the transaction as responses to Questions 2a through 2d. For every transaction that the Broker completed, the Broker must report (in the appropriate column) the full sales price of each purchase and sale transaction.

Questions 2e through 2h relate to situations where a Broker is involved on both the buyer and seller side of the transaction. Brokers must report each type of transaction separately in the appropriate column. The Broker must report (in the appropriate column) the full sales price of each purchase and sale transaction.

As a way to double check your work, the total of Question 1a and 1b should equal the total amount for Products and Services, Question 2a – 2h.

Question 3 – Method of Payment

Method of payment refers to monies received by the Broker from clients for deposits, sales, rent payments for managed properties and payments for any other services or products provided.

Question 6 – Rentals and Property Management

The Superintendent has restructured these questions with the goal of receiving more accurately reported responses, and to gain additional information with regard to ML/TF risks which may be present in the rental market in Bermuda.

In Questions 6a through 6c, Brokers must provide the number of properties rented to tenants in 2018. If the same property was rented twice, once as a short term rental and once as a residential rental, the Broker would count this as 1 rental under each respective column/category. **Questions 6(a), (b) and (c) should only contain data for transactions in which the Broker was the listing agent for the rental.**

“Short term or vacation rental” refers to any rental made for a term less than 1 year.

“Residential rental” refers to any rental made for a term of 1 year or more for a property zoned as residential.

When counting the number of properties managed, indicate whether you are providing the information as the number of buildings managed or the number of individual units managed. Either way of reporting is acceptable, but you must clearly state which method you are using to count the number of properties managed.