

Electronic Funds Transfer

The use of Electronic Funds Transfer (EFT) is a permissible and efficient way to transfer money for real estate transactions.

If a brokerage is contemplating using EFT it is important that the brokerage be in a position to provide a proper audit trail for each transfer in and out of their accounts. This is not only important for the brokerage itself, but it is something that RECO inspectors will review when attending a brokerage.

EFT Notations

If a brokerage has agreed to receive an electronic deposit, the following requirements must be met:

- It should be noted on the deposit section of the Agreement of Purchase and Sale that the payment will be in the form of an EFT.
- When a brokerage accepts an EFT trust deposit, the broker of record should obtain and maintain written confirmation from the brokerage's financial institution.
- Once the brokerage receives the details of the EFT deposit they should be documented in the brokerage's deposit book (on a separate page) identifying the trade number and property address, along with a notation that it is an EFT.
- The Trade Record Sheet should note the deposit as an EFT and record any bank reference numbers acknowledging the same deposit, in addition to the EFT date.

Although the *Real Estate and Business Brokers Act, 2002* does not have rules that deal specifically with EFTs, there are requirements related to the records that brokerages must keep when trust money is received or disbursed.

To assist in helping you understand the specific requirements, please review the following excerpt from Regulation 579/05, section 12 of the Act:

RECORDS OF TRUST MONEY TRANSACTIONS

Section 12.

A brokerage shall make a written record of the receipt of any money that comes into the brokerage's hands in trust for other persons in connection with the brokerage's business, and of every transaction relating to that money, including the following information:

1. The amount of money that came into the brokerage's hands in trust for another person in connection with the brokerage's business.
2. The date the money came into the brokerage's hands.
3. The name of the person from whom the money was received and, if the money was received on another person's behalf, the name of the person on whose behalf the money was received.
4. The purpose of receiving the money.
5. The name of the broker or salesperson who received the money.



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RECORDS OF TRUST MONEY TRANSACTIONS - Continued from previous page

6. With respect to every deposit into the trust account maintained under section 27 of the Act.
 - i. a way of identifying the money that came into the brokerage's hands in trust to which the deposit relates, including,
 - A. the name of the person from whom the money was received, and
 - B. the real estate, if any, to which the money relates,
 - ii. the amount of the deposit, and
 - iii. the date the deposit was made.
7. With respect to every disbursement from the trust account maintained under section 27 of the Act,
 - i. the amount of the disbursement,
 - ii. the date the disbursement was made,
 - iii. the name of the person to whom the money was disbursed,
 - iv. the real estate, if any, to which the disbursement relates,
 - v. the purpose of the disbursement, and
 - vi. the name of the person who authorized the disbursement under section 19 of Ontario Regulation 567/05 (General) made under the Act.
8. With respect to every payment of interest on money held in the trust account maintained under section 27 of the Act,
 - i. a way of identifying the money that came into the brokerage's hands in trust to which the payment relates,
 - ii. the amount of the payment,
 - iii. the date the payment was made, and
 - iv. the name of the person who authorized the payment of interest under section 19 of Ontario Regulation 567/05 (General) made under the Act. O. Reg. 579/05, s. 12.

If you have any further questions about this bulletin please e-mail inspections@reco.on.ca.

Real Estate Council of Ontario

3250 Bloor Street West, East Tower, Suite 600, Toronto, ON M8X 2X9
Tel: 416-207-4800 Toll-free: 1-800-245-6910 Fax: 416-207-4820

Office of the Registrar:
AsktheRegistrar@reco.on.ca

Inspection & Investigations:
inspections@reco.on.ca

For more information about RECO,
visit: www.reco.on.ca

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Real Estate & Business Brokers Act, 2002