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Act Accordingly

Property owners and managers should understand how to comply with the U.S.A. Patriot Act.

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Whether we like it or not, the fear of terrorism continues to impact the way Americans live, travel, and work. To help protect U.S. citizens against future attacks, the government currently is modifying and extending specific provisions of the U.S.A. Patriot Act, which originally was signed into law after Sept. 11, 2001. The Patriot Act has created new guidelines that affect nearly every industry, and an extension is likely to continue to impact how commercial real estate professionals, among others, conduct business.

In short, the Patriot Act imposes detailed record-keeping and reporting requirements on certain individuals and businesses to help the government identify suspicious activity and to prevent money laundering and financing for terrorism. Commercial real estate property owners and landlords can benefit from understanding these requirements and the ways in which they can and should comply with these regulations.

Buyer and Tenant Screening

Owners' and landlords' duties start by thoroughly investigating buyers and tenants prior to entering into contracts, leases, or other transactions. Landlords can use the rules issued by the U.S. Treasury Department's Office of Foreign Assets Control that identify specially designated nationals, including known or suspected terrorists, international narcotics traffickers, persons who threaten international stabilization efforts, and other suspect individuals and entities. U.S. business professionals, including property owners and landlords, real estate settlement agents, and title insurers, are prohibited from engaging in transactions or dealing in property or interests in property with specially designated nationals unless previously authorized. The OFAC rules subject these individuals to economic sanctions and freezing of assets under U.S. jurisdiction.

To comply with OFAC regulations, commercial property owners and landlords should review the specially designated nationals list at www.treas.gov/ofac to determine if any parties in the transaction are listed by name, and if necessary, utilize a private search service to obtain further information. If a potential match is suspected, commercial real estate professionals should contact OFAC's Compliance Program Division at (800) 540-6322 for further guidance. Commercial landlords should develop standard due diligence policies that incorporate specially designated national screening as part of all transactions. In addition, specific compliance programs can be tailored to reflect the particular degree of exposure owners and landlords have to specially designated nationals based on location, clientele, and other indicators. - See more at:

<http://www.ccim.com/cire-magazine/articles/act-accordingly#sthash.PGSm7JIO.dpuf>

