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Relaxation of Exchange Controls on Residential Real Estate Transactions

As of October 1, 2019, the Central Bank of The Bahamas liberalised Exchange Controls (EC) on residential property transactions (both purchases and sales) involving non-residents. This would apply regardless of whether the transactions take place in the name of an entity or vehicle ultimately and solely owned by such non-residents; or directly by the non-residents.

Concurrently, the Bank has delegated the authority to commercial banks (authorized dealers) to sell foreign currency for repatriation of the proceeds of sale of residential real estate, on evidence that the ultimate beneficial owners of the sold property are non-residents.

Investments in commercial real estate projects will still require Exchange Control approval, but only at the development stage. Subsequent sales of subdivided residential units or constructed dwellings (whether attached or detached) would not need approval. Additionally, non-residents that obtain financing secured by Bahamian real estate are required to obtain the Central Bank's prior approval. This applies whether the loan is to be extended to an entity or vehicle ultimately owned by such non-residents; or directly to the non-residents.

With respect to commercial banks' submissions of Foreign Currency Account Holders (FCAH) reports and Foreign Currency Sales reports, banks are required to employ the codes set out in **Annex A** in respect of property transactions involving non-residents.

Further, commercial banks are required to rely on documentary evidence such as a passport and the document issued by the Bahamas Immigration Department to determine non-residency as indicated in **Annex B**. Copies of executed conveyances or Sales Agreements are also required as evidence of the transaction. Guidance on documentary requirements are listed in Tables 1 and 2 of **Annex C**.

Funds transfers with respect to residential property transactions involving non-residents will continue to be subject to any due diligence and internal protocols that commercial banks currently undertake to satisfy statutory and/or regulatory obligations for anti-money laundering (AML), countering the financing of terrorism (CFT) and anti-proliferation.



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Under previous policy, non-resident owned entities, whether established locally or abroad, were required to be designated as “resident” or “resident branch” to be eligible to hold real estate in The Bahamas. Going forward, this designation, along with the grant of “approved investment status”, will be deemed to be conferred for Exchange Control purposes automatically upon completion of the conveyancing process. While non-resident owned entities would continue to be able to open and operate Bahamian Dollar deposit facilities to cover property maintenance expenses, they would remain prohibited from financing acquisitions of property with Bahamian Dollar credit.

This reform departs from current policy, which requires Central Bank approvals on any real estate transaction involving non-residents; and for the conversion of Bahamian Dollar proceeds to foreign currency on sales of properties by non-residents to residents. It extends the process of gradual liberalization, to improve administrative processes and relax controls in ways that still preserve the sustainability of the Bahamian dollar fixed exchange rate.

Sincerely,

John A. Rolle
Governor

Attachments