



## **PRESS RELEASE**

### **Pending Relaxation of Exchange Controls on Residential Real Estate Transactions**

As of October 1st 2019, the Central Bank of The Bahamas proposes to liberalize 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 owned by such non-resident; or directly by the non-resident.

Concurrently, the Bank will delegate the authority to commercial banks (authorized dealers) to sell foreign currency for repatriation of residential real estate proceeds, on evidence that the beneficial owner of the sold property is non-resident.

Commercial real estate investments 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.

Under existing policies, non-resident entities must be designated as “resident” to be eligible to hold real estate in The Bahamas. The Bank will designate this status automatically during the conveyance process, along with “approved investment status”. This would not confer any entitlement beyond ownership of the property. While non-residents 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. Non-residents would also remain subject to all of the permit and approval requirements of the International Persons Land Holding Act, 1993.

This reform departs from current policy, which requires Central Bank approvals on any real estate transaction involving non-residents; and for the conversion out of Bahamian dollar proceeds on sales by non-resident 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.

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