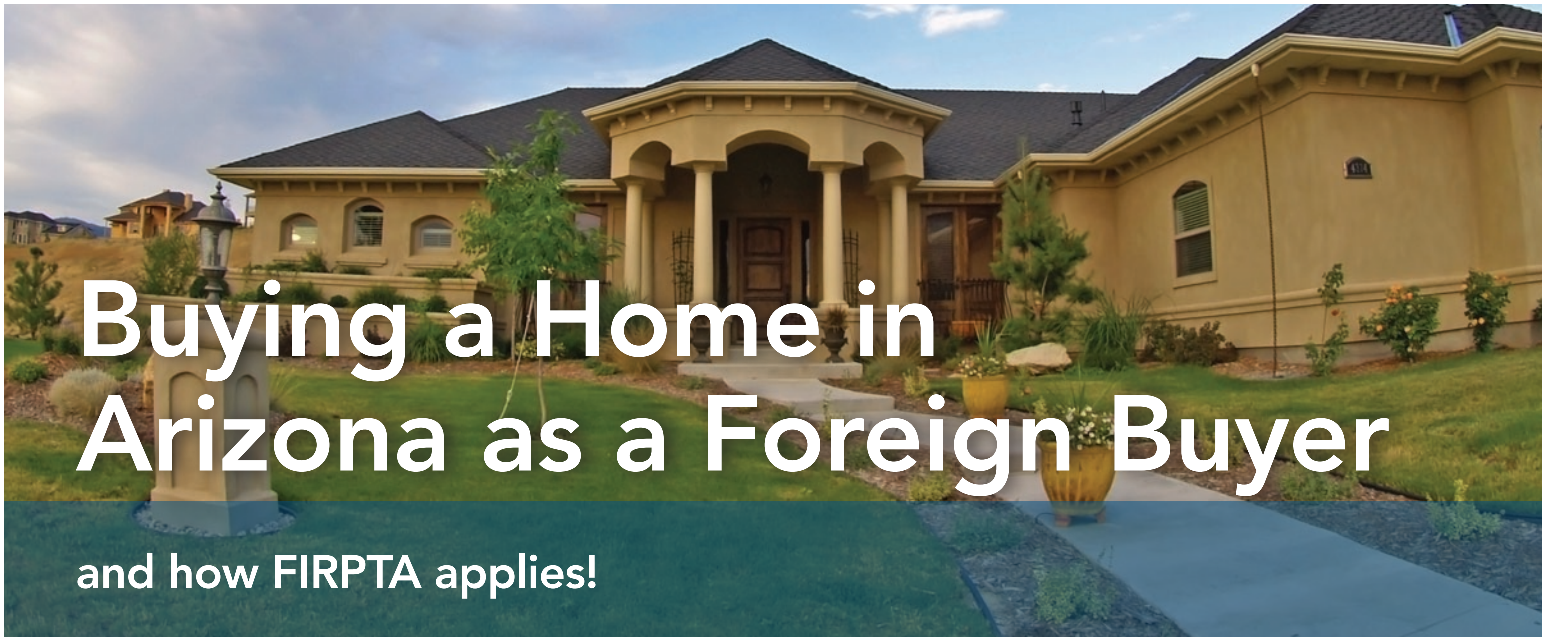


Buying a Home in Arizona as a Foreign Buyer

and how FIRPTA applies!

- **All funds deposited for the escrow must be by wire transfer.**
- **Out of US Wire Transfers / Swift Fee: International transfers are executed through SWIFT, Society for Worldwide Interbank Financial Telecommunication, and there is an additional charge for this type of transfer.**
  - The charge is deducted from the wired funds and varies from bank to bank. The charge is typically a flat rate and does not exceed $50.00, so we recommend that our clients wire an additional $50.00 when wiring from outside of the U.S.
- **When a foreign owner gets ready to sell, they could be subject to a 10% (of the Sales Price) withholding unless the transaction is exempt from FIRPTA.**
- **Most common exemption: Sales Price is not more than $300K. The Buyer or a member of their family must have plans to reside at the property for at least 50% of the number of days the property is used by any person during each of the first two twelve month periods after sale.**
- **Other Exemptions that may apply are:**
  - Seller to provide a certificate showing they are not a foreign seller
  - Seller receives a withholding certificate from IRS excusing withholding

If applicable see forms:

W-7 (application for IRS Individual Taxpayer Identification Number)
8288-B (Application for Withholding Certificate for Dispositions by Foreign Persons of U.S. Real Property Interests)

FIRPTA

Is Seller a US Citizen or a US Resident?

YES

Complete Certification of non-foreign status

NO

Does the Buyer have definite plans to use the property as his residence and sale price does not exceed $300,000?**

YES

Complete buyer's declaration for $300,000 residence exemption form

NO

Buyer should request for 10% withholding

Is Seller recognizing a gain of less than the 10%

YES

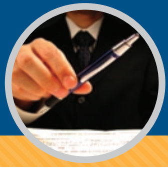
- See your CPA or tax attorney regarding application form 8288B for an IRS Withholding Certificate.

- Carefully review FATCO's agreement concerning FIRPTA withholding. All parties, including seller's tax professional, must agree and execute this agreement.

- Escrow provides an estimated seller statement.

***NOTE:** Escrow will withhold 10% pending receipt of Withholding Certificate, unless the parties agree otherwise.

*****IRC REQUIRES:** The BUYER acquires the property for use as a home and the amount realized (sales price) is not more than $300,000. The BUYER or a member of their family must have definite plans to reside at the property for at least 50% of the number of days the property is used by any person during each of the first two 12-month periods following the date of transfer. When counting the number of days the property is used, do not count the days the property will be vacant



Ways to take title in Arizona

COMMUNITY PROPERTY	JOINT TENANCY WITH RIGHT OF SURVIVORSHIP	COMMUNITY PROPERTY WITH RIGHT OF SURVIVORSHIP	TENANCY IN COMMON
Requires a valid marriage between two persons.	Parties need not be married; may be more than two joint tenants.	Requires a valid marriage between two persons.	Parties need not be married; may be more than two tenants in common.
Each spouse holds an undivided one-half interest in the estate.	Each joint tenant holds an equal and undivided interest in the estate, unity of interest.	Each spouse holds an undivided one-half interest in the estate.	Each tenant in common holds an undivided fractional interest in the estate. Can be disproportionate, e.g.,20% and 80%; 60% and 40%; 20%, 20%, 20% and 40%; etc.
One spouse cannot partition the property by selling his or her interest.	One joint tenant can partition the property by selling his or her joint interest.	One spouse cannot partition the property by selling his or her interest.	Each tenant's share can be conveyed, mortgaged or devised to a third party.
Requires signatures of both spouses to convey or encumber.	Requires signatures of all joint tenants to convey or encumber the whole.	Requires signatures of both spouses to convey or encumber.	Requires signatures of all tenants to convey or encumber the whole.
Each spouse can devise (will) one-half of the community property.	Estate passes to surviving joint tenants outside of probate.	Estate passes to the surviving spouse outside of probate.	Upon death the tenant's proportionate share passes to his or her heirs by will or intestacy.
Upon death the estate of the decedent must be "cleared" through probate, affidavit or adjudication.	No court action required to "clear" title upon the death of joint tenant(s).	No court action required to "clear" title upon the first death.	Upon death the estate of the decedent must be "cleared" through probate, affidavit or adjudication.
Both halves of the community property are entitled to a "stepped up" tax basis as of the date of death.	Deceased tenant's share is entitled to a "stepped up" tax basis as of the date of death.	Both halves of the community property are entitled to a "stepped up" tax	Each share has its own tax basis.

Note: *Arizona is a community property state. Property acquired by a husband and wife is presumed to be community property unless legally specified otherwise. Title may be held as "Sole and Separate." If a married person acquires title as sole and separate, his or her spouse must execute a disclaimer deed to avoid the presumption of community property. Parties may choose to hold title in the name of an entity, e.g., a corporation; a limited liability company; a partnership (general or limited), or a trust. Each method of taking title has certain significant legal and tax consequences; therefore, you are encouraged to obtain advice from an attorney or other qualified professional.*