

## FIRPTA ADDENDUM

This Addendum to the Deposit Receipt and Contract for Sale and Purchase (“Contract”) is entered into between: (For residential properties only.)

Buyer(s): \_\_\_\_\_

Seller(s): \_\_\_\_\_

Property Description: \_\_\_\_\_

\_\_\_\_\_ (“Property”)

All other terms and conditions of the Contract shall remain in full force and effect. Inconsistencies between this Addendum and the Contract shall be resolved in favor of this Addendum. The terms and conditions included in this Addendum are material.

In consideration of the promises, mutual covenants, and agreements contained in this Addendum, Buyer and Seller agree as follows:

1. The parties shall comply with the provisions of Internal Revenue Code Section 1445 (Foreign Investment in Real Property Tax Act (FIRPTA)) and applicable Treasury Regulations issued thereunder.
2. Buyer and Seller agree to provide their respective United States Federal Taxpayer Identification Numbers (TIN) to the closing agent and, if applicable, to apply for a TIN at or before closing.
3. The Internal Revenue Service (IRS) requires Buyer and Seller to have a TIN and to supply that number on forms which must be filed to comply with FIRPTA. While a U.S. citizen or resident should have a Social Security Number which satisfies this requirement, a non-resident foreign individual must acquire a TIN for this purpose.
4. If Seller is a U.S. person for FIRPTA purposes, then on demand of Buyer prior to closing Seller shall provide Buyer with a certification of non-foreign status in the manner provided in Treasury Regulations Section 1.445-2. If Seller provides Buyer with such certificate, and if Buyer is permitted to rely on such certificate under those Regulations, Buyer shall not withhold any funds on account of FIRPTA.
5. If Seller is a “foreign person” for FIRPTA purposes, Buyer is required to withhold 10% of the Purchase Price at closing and to pay the withheld amount to the IRS unless an exemption from withholding or a limitation on the amount to be withheld is available. If Seller’s proceeds are not sufficient to cover the withholding obligation, Seller shall provide at closing cash equal to such excess for purposes of making such withholding payment.
6. If Seller’s federal income tax on the gain from the sale is less than the required withholding amount, Seller may make advance application to the IRS for reduced withholding and, if granted, Buyer shall withhold only the authorized reduced amount. If such ruling has not been received by closing, the parties shall enter into an escrow agreement, and Seller shall fund such agreement at closing. Any excess withholding will be refunded to Seller upon receipt of a favorable ruling from the IRS.

7. If the Purchase Price is not greater than \$300,000, and Buyer intends to occupy the Property for at least one-half of the time the Property is in use during each of the first two (2) years following closing, there is no requirement to withhold any portion of the Purchase Price. This exemption only applies if Buyer acquires the Property as an individual and not in the name of a legal entity such as a trust, corporation, partnership or limited liability company.

8. If Buyer has checked "INTENDS" in the paragraph below, and the Property is being purchased for a Purchase Price not greater than \$300,000, then as a material condition of this purchase, Buyer agrees to sign at closing the appropriate FIRPTA affidavit which shall be prepared by the closing agent and which shall contain the following provisions:

8.1 The Property is being purchased for a Purchase Price not greater than \$300,000; and

8.2 Buyer intends to occupy the Property for at least one-half of the time the Property is in use during each of the first two years following the closing.

9. If Buyer has checked "INTENDS" below and refuses to sign the appropriate FIRPTA affidavit at closing confirming the terms of this Addendum, Seller may terminate the Contract, and Buyer agrees that Seller may retain all deposits which have been paid or should have been paid under the terms of the Contract.

10. Buyer **(CHECK ONE)** (  ) **INTENDS** (  ) **DOES NOT INTEND** to occupy the Property for at least half of the time the Property is in use during the first two years following the closing and will acquire the Property as an individual and not in the name of a legal entity.

The parties have read and signed this Addendum on the dates set forth below.

_____	_____	_____
Buyer Signature	Date	Buyer TIN

_____	_____	_____
Buyer Signature	Date	Buyer TIN

_____	_____	_____
Seller Signature	Date	Seller TIN

_____	_____	_____
Seller Signature	Date	Seller TIN